Austria . . Sch 18	Indonesia . . Rp 2500	Portugal . . . Esc 80
Bahrain . . Din 0.650	Italy . . . . . L 1300	S. Arabia . . Rs 6.00
Belgium . . BFr 42	Japan Y550	Singapore . . S$ 4.10
Canada . . . C$1.00	Jordan . . . Fils 500	Spain . . . . . Pta 110
Cyprus . . . C£0.80	Kuwait . . . . Fils 500	Sri Lanka . . Rup 30
Denmark . . DKr 7.25	Lebanon . . . L£ 6.00	Sweden . . . . Skr 6.50
Egypt . . . . E£1.00	Luxembourg . . LFr 42	Switzerland Sfr 2.20
Finland . . Fmk 8.00	Malaysia . . Rm 4.25	Taiwan . . . . NT $65
France . . FFr. 6.00	Mexico . . Pes. 300	Tunisia . . Din 0.600
Germany . DM 2.20	Morocco . . Dh 6.00	Turkey . . . . L 210
Greece . . . . Dr 70	Netherlands . Fl 2.50	U.A.E. . . . Dh 6.50
Hong Kong . HK$ 12	Norway . . Nkr. 6.00	U.S.A. $1.00
India . . . . Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,709 — Friday August 23 1985 — D 8523 B

Norwegian election: a case of who cares wins, Page 3

World news

Bonn's top spy hunter disappears

West Germany's counter-intelligence service, hunting three vanished spy suspects, said that one of its own senior officials had gone missing. Hans Tiedge is said to be responsible for directing operations against East German agents in West Germany.

Chancellor Helmut Kohl said the spy affair had strained relations with East Germany. He accused East Berlin of sowing mistrust between the two states.

Tiedge worked in the most sensitive area of Bonn's intelligence service and had detailed knowledge about its activities including the identitites of Western agents. Page 3

Libya moves troops

Libya reportedly concentrated 20,000 to 25,000 troops on Tunisia's border in the Zuwarah area on the Mediterranean coast as tension mounted with the expulsion of more Tunisian workers from Libya.

Berri rejects plan

Shia Moslem leader Nabih Berri turned down as inadequate a Syrian-sponsored plan to halt four days of *Moslem-Christian fighting* in Beirut. Page 2

Moscow denial

The Soviet Union rejected as outrageous and absurd U.S. charges that it used a possible cancer-inducing chemical to track Americans in Moscow. Earlier story, Page 3

S. Africa strike off

South Africa's biggest black trade union agreed to postpone a mine strike set for Sunday after a new offer from employers. Page 2

Greenpeace charge

New Zealand police said the woman charged with sinking Rainbow Warrior, the flagship of Greenpeace, the environmentalist group, is a captain in the French army. Page 2

Ambassador recalled

Portugal recalled its ambassador to Australia for consultations after Australian Prime Minister Bob Hawke recognised Indonesian sovereignty over East Timor, a former Portuguese colony. Page 2

French clash

President François Mitterrand and the *right-wing opposition* in France are shaping up for a constitutional clash over the appointment of new presidents to state-owned banks and industries. Page 12

Peace talks fail

Talks to resolve Sri Lanka's bloody *communal conflict* collapsed amid renewed violence between majority Sinhalese and minority Tamils. *Page 2*

Swindlers sentenced

Ten leading members of a Frankfurt investment firm were found guilty of *swindling* 1,350 *savers* in a DM 43m ($15.7m) fraud and sentenced to jail terms of up to six years.

Excommunicated

A Spanish bishop declared a medical team and their 20-year-old patient excommunicated after one of the country's first legal abortions was performed in the city of Jerez de la Frontera, southern Spain.

Afghan shooting

Afghan guerrillas said they shot down two Soviet helicopter gunships in Afghanistan's south-eastern province of Logar.

Icon thief jailed

A former monastery worker was jailed for 11 years in the Soviet north-western city of Pskov for stealing icons from churches.

Business summary

Ericsson profits decline by 31%

ERICSSON, Swedish telecommunications and electronics group, reported profits 31 per cent lower at SKr 644m ($78m) in the first half of the year and said it was still running up considerable losses on its troubled information systems division. Page 12 and Lex

SINGER, U.S. sewing machine maker, sold its operations in 11 European countries to a newly formed British company, European Home Products.

METROPOLITAN LIFE, U.S. insurer, is to make its first move into the UK life market *by buying Albany* Life Insurance Company from its present owner, American General *Corporation*. Page 8

TOKYO issues rose as foreign investors sought large-capital stocks. The Nikkei-Dow market average put on 29.24 to 12,734.05. Page 32

LONDON stocks rallied after faltering early in the session. The FT Ordinary share index lost 1.0 to 987.2. Page 32

WALL STREET: At 2pm the Dow *Jones industrial average* was 7.40 lower at 1,322.13. Page 32

DOLLAR was weaker in London, falling to DM 2.7425 (DM 2.7655), FFr 8.375 (FFr 8.4475), SwFr 2.2435 (SwFr 2.2665) and Y235,85 (Y236.95). On Bank of England figures the dollar's exchange rate index fell to *135.3 from 136.5*. Page 25

STERLING benefited from the dollar's weakness in London, gaining 1.45 cents to $1.4075. It also rose to DM 3.8625 (DM 3.85), FFr 11.79 (Ffr 11.73), SwFr 3.1575 (SwFr 3.155) and Y331,75 (Y329.5). The pound's exchange rate index rose 0.7 to 82.4 Page 25

GOLD: In New York the Comex October settlement was $336.60. Gold rose 75 cents in the London bullion market to $336.00 but was lower in Zurich at $335.25. Page 24

U.S. FACTORIES reported a sharp 2.8 per cent fall in July for new orders of durable goods. However inflation is holding its moderate course. Page 4

A. H. ROBINS, maker of the Dalkon shield contraceptive, faces a legal challenge to their suit for protection under the U.S. Bankruptcy Code from lawyers representing women who claim the device injured them. Page 13

CASTLEMAINE TOOHEYS, leading Australian brewer, received an approach from an unnamed company, which the brewer said might lead to a takeover offer above the A$7.50 (U.S.$5.35) a share from Bond Corporation. Page 14

AMERICAN EXPRESS, U.S. financial services group, is planning to repurchase a 25 per cent stake in First Data Resources, the group's bank card processing subsidiary, for $225m. Page 13

LAC MINERALS, Canadian gold producer, plans to expand into platinum production following agreement to purchase a *one-third stake* in Stillwater Mining, for $15m. Page 13

CARL ICAHN, Wall Street financier, plans to raise his stake in Trans World Airlines from 45.5 per cent to more than 50 per cent without waiting for a formal response from the company to his bid. Page 13

NIXDORF, West German computer group, expects *strong trading* to continue this year following a 24 per cent increase in sales during the first *half* of the year. *Page 13*

VEBA, West German energy group, expects higher profits for 1985 and hints at a possible increase in dividend. Page 15

WEINKELLEREI Walter Seidel, West German wine importer, declared itself insolvent because of DM 4.8m ($1.74m) *losses* related to the Austrian wine scandal.

WE regret latest Canadian prices were not available for this edition due to a communication failure.

54 die in UK as Boeing 737 catches fire at take-off

A BOEING 737 operated by a tour subsidiary of British Airways crashed yesterday at Manchester airport in northern England, killing 54 of the 136 passengers and crew aboard, writes **Michael Donne, Aerospace Correspondent, in London.**

Mrs Margaret Thatcher, the British Prime Minister, promised "the most rigorous inquiry" into the cause after visiting the scene of the crash.

The aircraft, en route to Corfu with package holidaymakers, was accelerating along the runway for take-off when an explosion occurred in the port engine, causing immediate fire.

The pilot slowed and halted the aircraft just off the runway, but the rear of the aircraft was already a sea of flame and many of the passengers, unable to reach the emergency exits, were trapped in the blazing wreckage. The rear fuselage of the aircraft broke off.

At one stage ground firemen appeared to have doused the blaze, but it broke out again when two oxygen tanks in the rear of the aircraft exploded.

British Airways, parent of British Airtours, which operated the aircraft, subsequantly denied statements attributed to it earlier that the cause of the crash was failure of part of the turbine in the port engine. "It is far too early to say, and anyway it is not up to us to say," a spokeswoman said.

The matter is now in the hands of the accidents investigation branch of Britain's Department of Transport. The wreckage will be taken to the Royal Aircraft Establishment at Farnborough for intensive examination. The cockpit voice recorder and flight data recorder, which monitor crew conversations and the aircraft's systems, have not yet been recovered. They may have been destroyed in the crash and subsequent fire.

Part of the aircraft's engine cowling was found 400 feet away. The two engines in the Boeing 737-200 are made by Pratt & Whitney of the U.S.

All 82 survivors were taken to *Manchester hospitals*, but only 15 were detained with severe burns. Most of the others were treated for shock. A fireman was also injured.

One survivor said there was mass panic as passengers fought to escape from the cramped seats and narrow aisle of the aircraft. "People were just on top of each other trying to get out," he said.

Stewardesses seated in the rear of the aircraft were among those who died. The dead were taken to an empty hangar, temporarily turned into a mortuary.

Manchester Airport was closed throughout the day, with all other flights being either cancelled, postponed, or diverted to Liverpool and other airports. The airport handles some 200 flights daily.

Mr David Steel, Liberal Party leader, said it was "clear that the rapid spread of the fire through the aircraft and the inability of so many people to escape it in the ensuing panic, contributed to the scale of the tragedy.

"This, together with the possibility of the extra seats configuration which exists on many charter flights, must be among the points pursued at the subsequent inquiry."

Mr Steele was voicing a concern that has been expressed in the past – whether package holiday aircraft are overloaded. The 737-200 is normally configured to seat about 110 passengers, but is often loaded with 130 or more in a high-density holiday charter configuration.

Boeing has delivered over 1,100 of the aircraft to 133 airlines since it first entered service in 1968, with nearly another 200 waiting to be delivered. It is thus the world's most popular short-haul jet, after the

Continued on Page 12

Cracks found in JAL 747, Page 2

Ford may cut 10,000 salaried staff jobs in U.S.

By Terry Dodsworth in New York

FORD MOTOR of the U.S. said yesterday that it was working on a new redundancy plan for salaried *staff* which could well lead to job cuts of around 10,000 in its North American car operations over the next five years.

The programme is due to start shortly on a trial basis in the group's Rouge steel plant and its U.S. tractor operations. These businesses have been chosen because they have immediate financial problems, the company said, but the cuts could later be extended to other operations when the company sees an economic need to enforce them.

Ford's plan demonstrates the continuing pressure to reduce costs and increase efficiency on the U.S. motor industry after a period in which it has had to adjust to increasing imports and a less inflationary price environment.

Despite the rise in employment among the motor companies associated with the boom in vehicle sales over the last two years, employee numbers have plunged from the peak levels achieved in the late 1970s. At Ford, for instance, employment of hourly-paid shopfloor workers was 153,200 in 1979, but has since fallen to 106,200.

Salaried employment in the whole of the group's U.S. operations has slumped from 82,900 to 63,900 in the same period, and in the automotive activities, it has dropped from *70,100 to 48,800.*

Under the new plan, the aim will be to avoid enforced redundancies of the type that hit the workforce particularly heavily during the 1981–82 recession. At the centre of the scheme will be a voluntary retirement proposal for workers, which will cut the age at which employees can apply for redundancy from 55 to 45 years. New benefit scales will be introduced for the package.

The company indicated yesterday that the two trial runs which it is launching shortly will help it develop concrete proposals to achieve *its cost-reduction aims over the* next five years. It expects to put the plan to employees before the end of the year, and will then bring it into use at specific locations

Ford could give no estimate of the likely impact of the proposed programme on costs, but over the last five years its job cuts are reckoned to have reduced the break even point at which it can make profits on a given amount of sales by around 40 per cent.

Curbs sought on Japanese imports, Page 3; Austin Rover set for shutdowns, Page 12

Reagan set to veto SA sanctions and order milder curbs

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan is inclined to veto the package of South African economic sanctions now nearing final approval in Congress and instead order milder punitive measures on his own initiative, Administration officials said yesterday.

Such an approach would allow him to maintain the "constructive engagement" policy of trying to secure change in South Africa by *quiet diplomacy, the officials said.*

Mr Larry Speakes, the White House spokesman, with the presidential party in Los Angeles, again insisted yesterday that Mr Reagan had made no final decision. Other officials have said that the decision, expected next month, would be guided by the political situation in South Africa at the time, as well as by developments on Capitol Hill.

The *Administration, however*, has already made it clear that while Mr Reagan disapproves of sanctions in principle, he could support at least part of the congressional package. He could accept, for example, a ban on sales of U.S. computers that could be used to enforce apartheid, and a ban on U.S. Government loans to companies that refuse to follow equal-opportunity guidelines.

Administration officials now say that Mr Reagan could introduce these two measures under his own executive authority, while at the same time vetoing the larger package. The *hope, presumably*, would be that by taking at least some action he could persuade the Republican-controlled Senate not to override his veto of the congressional proposals.

The House of Representatives has already overwhelmingly approved the four-part congressional plan, which would ban American imports of gold Krugerrand coins and exports of nuclear equipment and technology, in addition to the prohibition on banks loans and *computer sales. The Senate is* expected to endorse the measures soon after it reconvenes on September 9.

A presidential veto could be overridden by majorities of two thirds in both Houses – a prospect that appears virtually certain in the Democrat-controlled House of Representatives. Mr Reagan would thus have to persuade a blocking minority of *just over one third of the 100 sena*tors to sustain his veto. He would start with a hard core of eight right-wing senators bitterly opposed to any form of sanctions.

The Administration's hope appears to be that if Mr Reagan took some action on his own, and there seemed to be some signs of progress in South Africa itself, he could rally enough Republican senators to his side. But for this strategy to work, it is essential, in the White House view, that President Botha shows serious evidence of willingness to negotiate with black leaders.

That *is* one of the reasons why the Administration has been so insistent recently in urging all parties in South Africa to come quickly to the negotiating table. At the same time, it is urging Mr Botha to "clarify" what the proposed dialogue should be about, so as to allow it to begin.

Right-wingers in the Administration are still bitterly opposed to *sanctions and are attempting to* play up the progress they believe Mr Botha has already made. Other officials, however, are frustrated that earlier South African promises of rapid political change have not been fulfilled.

Yesterday, a senior Administration official told the New York Times that Mr Botha's August 15 speech laying out a "manifesto" for the future had not included the detailed proposals for reform that the U.S. had been led to expect at a *meeting* with Mr Pik Botha, the South African Foreign Minister, in Vienna the previous week.

Jim Jones in Johannesburg adds: Continuing economic and political uncertainties saw the rand match the record low of 38.5 cents to which it fell last Friday following critical domestic and international reactions to the Durban speech by President Botha.

The rand recovered late to end the day at slightly over 40 cents but dealers anticipated continued pressure.

The immediate cause of the fall were unconfirmed reports of difficulties in rolling over foreign loans

Miners postpone strike, Page 2

NatWest plan for U.S. broking to test Fed rules

BY CLIVE WOLMAN IN LONDON

NATIONAL Westminster Bank applied yesterday to set up a UK-style stockbroking operation in New York in a move which will challenge the Federal Reserve Board's bank regulations.

If successful, NatWest will be the first commercial bank to set up a U.S. brokerage service on the City of London model which offers investment research, share recommendations and the execution and *clearing of buy and sell orders*. It plans to use the brokerage operation, which will be aimed at institu*tional investors, as a base from* which to expand its international share-dealing and corporate finance services.

The brokerage service, however, to be carried out through a new Delaware-incorporated subsidiary called County Securities Corporation, will not include the making of markets in U.S. shares or the underwriting of new issues. These services form part of the standard repertoire of a U.S. securities company, but banks are forbidden by U.S. law to engage in them because of their traditional riskiness.

The current regulations of the *Fed, which supervises bank holding* companies, do not permit a bank to set up a subsidiary which offers a combined securities research and execution service. But some U.S. banks have acquired execution-only brokerage subsidiaries.

Mr Philip Rimell, chairman of County Securities, said, however, that he expected to persuade the Fed to amend its regulations so that the application could be accepted. A delay of six months was likely. He added that it was possible that legal action would be initiated by the Securities Industry Association, which represents U.S. securities companies, to prevent its application being accepted.

The bank will be committing only about £2m ($2.78m) of capital to the venture and employing 20 to 30 in the first year. But, Mr Rimell said, that about $30m would be committed "at the second stage."

Ms Elaine Sternberg of County Securities agreed that the company would not be able to compete with *the corporate finance or investor* services offered by large securities companies which trade in, and un*derwrite, large blocks of shares.*

She said the brokerage service would be marketed on the basis of *the company's investment research* abilities.

The other spin-off from the operation, she said, would be to build up the bank's international underwriting of new U.S. equity issues. At present, nearly 10 per cent of new U.S. issues are believed to be underwritten outside the U.S., thus escaping the U.S. banking regulations – and the proportion has been grow*ing rapidly.* County Bank, NatWest's merchant banking subsidiary, is already a major underwriter

The international dealing operations of Fielding, Newson, Smith and County Bisgood, the two London Stock Exchange firms which NatWest has contracted to buy next year, are to be transferred to County Securities.

NatWest, with already has 150 offices in the U.S. through its National Westminster Bank USA subsidiary, is also preparing itself, Mr Sternberg said, for the possible liberalisation of U.S. regulations which may eventually permit banks to *set up fully fledged securities* companies.

Lloyd's faces £500m underwriting loss

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

A RECORD underwriting loss of £500m ($695m) was predicted yesterday for the Lloyd's insurance market in its last completed trading period for 1982.

Although official figures are not due to be announced by Lloyd's until next month, an extensive study has been prepared by a group of underwriting members who have surveyed the results of virtually all the business units of the market. The study suggests that Lloyd's has been hit by the worst underwriting results ever

According to the results indicated, Lloyd's has suffered an even *worse trading period than it did in* the mid-1960s when the market was hit by about £40m of underwriting *losses arising* from insurance claims on storm damage from Hurricane Betsy.

However, the overall result of the Lloyd's market is expected to be boosted by substantial earnings from investment income on its premium revenues, which are running in excess of £3bn.

According to Mr John Rew, who with a team of underwriting members prepared the latest study, investment income may take the overall results to a "break-even" position for the 1982 underwriting account.

Lloyd's uses an unusual accounting method – leaving its accounts open for three years to assess more accurately the extent of insurance liabilities on its insurance policies.

So far, Lloyd's has indicated that its overall profits will be in the region of £50m, compared with £152m in the previous underwriting period. But the underwriting members yesterday argued that Lloyd's show their figures without making any deduction for the amounts which are taken in commissions by the agents who look after members' affairs. They said that once that item was deducted – which in the last completed underwriting account for 1982 could be about £50m – then *Lloyd's was probably only breaking* even.

Performance has been hit at *Lloyd's by a range of trading prob*lems. Large claims from industrial companies facing suits for damages *by former employees for the con*traction of industrial diseases have poured into the market.

Bouygues may take stake in battery group

By David Housego in Paris

BOUYGUES, France's largest construction group, is expected to take a substantial stake in a newly merged, French-based consumer batteries company as part of a further diversification that could eventually take it out of the construction sector.

Bouygues would be putting in an initial FFr 50–60m ($5.9–$7.1m) to give it a 24.5 per cent stake in Saft Wonder – a new group being formed through the merger of the *consumer* battery concern Saft Mazda and battery manufacturer Piles Wonder.

Through major new investment and tie-ups with other European battery groups including the Danish GMT, the aim would be to transform Saft Wonder into a major international group that could compete with the large U.S. groups like Union Carbide with the Ucar brand and Dart and Kraft with Duracell. The two French companies already hold some 70 per cent of the French market and have combined sales of about FFr 1.5bn.

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CONTENTS

S. Africa miners postpone strike after fresh offers

BY MICHAEL HOLMAN IN JOHANNESBURG

A THREATENED strike by South Africa's black National Union of Mineworkers (NUM) due to begin on Sunday has been postponed while union members consider new proposals from the majority of companies represented in the dispute by the Chamber of Mines.

The union will respond to the offers next Wednesday and delay until September eny strike action. If the strike goes ahead it could directly effect mines which produce 60 per eent of South Africa'e gold and about 20 per cent of coal.

The new offers, made after eight and a balf hours of negotiations which ended early yesterday morning, range from a major shift by the leading mining house Anglo American, to modest improvements from Gold Fields of South Africa and Anglovaal. At the other end of the scale Gencor refused to ahift from the 14.1 per cent to 29.6 per cent wage increases unilaterally implemented by all the companies in July, saying thet the pay rise had been "generally well accepted" by its employees.

The switch in the Chamber's negotiating strategy from a united front to a range of bilateral offers pleces the NUM in e predicament acknowledged by union officials. "If the extremely complex set of offers to our union were accepted or rejected outright (they) could have the effect of dividing our members," the NUM said

An NUM statement issued after the talks said that the union would not be recommending acceptance of the offers. "This move was decided upon to avoid the division that could take place amongst members who would no doubt be subjected to management propaganda."

"This is the time to unite all our members against mining houses such as Gencor, GFSA, Angiovaal and Rand Mines,"

The NUM represents 150,000 of the country's 550,000 black gold and coal mine workers. The union is at its strongest in the Anglo American mines which have offered the best terms, and which employ 80 per cent of the NUM membership.

Union strength is negligible, however, in Gencor's gold mines.

The Anglo American offer comes a significant step closer to meeting the NUM demand for an ecross the board 22 per cent award to between 18 end well as improved working conditions. It increases the already implemented 14.1 to 19.6 per cent award to between 18 and 22 per cent for surface workers, and 17 to 20 per cent for underground workers.

The new offer also raises boliday leave allowances from 50 to 60 per cent of monthly wage, effectively edding a further 1 per cent to the overall offer.

Rand Mines (RM) has put forward an additional R4 a month across the board increase to colliery employees, and e 10 per cent increase in holiday leave allowance, while GFSA, and Anglovaal offered only the extra 10 per cent holiday allowance.

"Of all the offers made to our union," said an NUM official, "we found that the offers made by GFSA, Rand Mines and Anglovaal to be most unacceptable, and found the Anglo-American offer requiring further movement to enable us to reach settlement."

The Chamber of Mines denied yesterday that there had been a split in its ranks. "If our members needs are such that we need to become more flexible in negotiations, this is what we must do," said Mr Clive Knobbs, President of the Chamber.

SOME 59 more people have been detained in South Africa under the country's emergency regulations, the police reported yesterday. This brings the total arrested to 2,135, of whom approximately half were released after questioning.

General Johann Coetzee, the Commissioner of Police, has banned gatherings to commemorate the first anniversary of the outbreak of township unrest in the Vaal triangle of the Transvaal nearly one year ago. Over 600 people have died in one of the most violent periods in South Africa's history.

In Johannesburg's black township of Soweto, scores of young black pupils, some reported under 10 years old, were arrested by police yesterday.

Two Koreas agree on historic exchange

By Steven B. Butler in Seoul

NORTH and South Korea reached an agreement yesterday that will provide for a historic exchange of "bome visits" by 100 members of families separated during the Korean war.

The exchange, scheduled for next month, will be the first concrete result of negotiations between the Red Cross societies of both sides that began in May. A similar series of negotiations during the 1970s, which were aimed broadly at reuniting separated families, ended in failure.

South Koree had hoped the exchange would involve many more people, but wrangling over the details produced an agreement that fell short of original expectations. Seoul had proposed that family members be allowed to travel to their original homes, but eventually gave in to the North's insistence that the reunions be confined to Seoul and Pyongyang, the countries respective capitals.

An exchange of performing arts troupes will take place at the same time.

As part of the continuing negotiations between the two Red Cross societies, on August 27 a delegation from South Korea will visit Pyongyang for the first time in over a decade.

● South Korea's gross national product grew by 2.7 per cent during the second quarter of this year, according to preliminary statistics of the Bank of Korea, recording Korea's worst economic performance since the first quarter of 1981.

The figures bring Korea'a GNP growth for the first half of the year down to 3.2 per cent, compared to an original growth target for the entire year of 7.5 per cent. The Government has gradually introduced a series of measures to stimulate the economy during the second half of the year. A decline in exports is the principal cause of the poor performance.

French Army link in NZ ship sinking

New Zealand police yesterday for the first time officially linked the French defence establishment to the sinking of the Greenpeace protest ship Rainbow Warrior, Reuter reports from Wellington.

Police said French anthorities had officially identified a woman held here as Ms Dominique Prieur, a 36-year-old French Army captain.

Mr David Lange, New Zealand Prime Minister, said Ms Prieur's identification did not mean the French Government was involved. A French Government inquiry headed by respected civil servant M Bernard Tricot is expected to report late next week to President Francois Mitterrand on any government role in the attack.

Police made no comment on suggestions that Ms Prieur was attached to the French DGSE intelligence section

Smith and Nkomo 'plotted overthrow' of Mugabe

MR ENOS NKALA, the Zimbebwe Home Affairs Minister, yesterday accused opposition parties led by former Prime Minister Mr Ian Smith and veteran nationalist Mr Joshna Nkomo of plotting together to topple the Government, AP reports from Harare.

Mr Nkale, eddressing the National Assembly, said "a number" of whites were presently urging members of Mr Nkomo's Zimbabwe African People's Union (Zapu) to undermine the security of the state through subversion.

Mr Smith dismissed the charges as "fiction" and challenged the minister to take action if he had evidence of a plot. Mr Nkala, who is in charge of police, said he was taking his time to study the situation as he was still new to the Home Affairs Ministry.

He was eppointed by Mr Mugabe to the post last month after the Prime Minister'a ruling Zimbabwe African National Union (Patriotic Front) (Zanu-PF) won e landslide victory in the first post-independence elections.

Mervyn de Silva assesses the background to the collapse of peace talks with the Tamils

Sri Lankan leader faced with stark choice

OUTSIDE INDIA itself, the news of Sikh leader Sart Harchant Singh Longowal's assassinaton has probably had the most striking impact in Sri Lanka.

Before his death despairing Sinhalese liberals in the south and war-weary Tamils in the north had both been asking the same eager questions. Will Prime Minister Rajiv Gandhi of India help President Junuis Jayewardene to achieve his own "Punjab-style" breakthrough? Was there a brave Tamil Longowal at the peace talks in Thimpu, capital of Bhutan?

Only too loud and clear the answers bave all been in the negative. Mr Gandhi's own peace initiative in the Punjab is now under threat with Sart Longowal's death and yesterday the Indian-sponsored Sri Lankan Tamil peace talks collapsed in disarray.

Mr J. N. Dixit, India'a High Commissioner in Colombo, said tha talks had been adjourned indefinitely. In India's view the "resurgence of violence" in Sri Lanka and "the gap between the Government's position and the stand taken by Tamil separatists made the adjournment necessary.

Mr Dixit said he had conveyed to president Jayekardene of Sri Lanka the Indian Prime Minister's hope that the present ceasefire will be "sustained to whatever extent possible" in order "to create an etmosphere conducive" to the resumption of talks.

President Jayewardene's brother, Dr Hector Jayewardene who led the Sri Lankan delegation, will meet Prima Minister Rajir Gandhi today or tomorrow.

The breakdown in the talks raises the spectre of a rising tide of violence on the island as the Sinhalese majority and the minority Tamils seeking substantial devolution draw increasingly apart.

President Jayewardene is now faced with the prospect of stark choice of either taking increasingly harsh military measures to combat the Tamil demands or to persuade his own Sinhalese community to agree to e substantially improved package of reforms.

Three days ago Tamil delegates walked out en bloc from the conference room after accusing the Sri Lankan armed forces of indiscriminate civilian killings.

The Government in turn charged at least one of the extremist groups with spreading the story of a massacre to "sabotage" the talks.

After the walk-out, Mr Gandi's ambitious, if well-intentioned, attempt at "camp David" type conflict-management seemed more than ever a hazardous Himalayen adventure.

When talks opened in July, the Government's team probe, ndo doubt hopefully, the possibilities of major differences between the moderate, parliamentary Tamil United Liberation Front (Tulf) and the five guerrilla groups.

But the Tamils had closed ranks firmly enough to present "four principles" jointly. These ranged from the assertion of a distinctive Tamil nationality with the right of "self-determination to the "territorial integrity of the Tamil homeland" and the right of citizenship of about 100,000 "stateless" Indian Tamil plantation workers.

The "self - determination" claim and the concept of traditional homelands were, however, summarily dismissed. In any case, Mr Gandhi, the sponsor, had already outlined the framework for the negotiations: a united Sri Lanka and its unitary constitution.

The participation of the tulf, formerly known as "the federal party," and the presence, more crucially of the militants seemed to have shown that the Tamils weer not only ready to drop their "eelam" (independent state) demand but accept something less than federalism.

In Sri Lankan eyes, this and the June 18 ceasefire were the main achievements of an Indian diplomacy working directly from Delhi and indirectly through the Tamilnadu Government in Madras, the home of the Tamil leaders, the headquarters of the guerrilla groups, and the sanctuary for over 80,000 Tamil refugees.

Before the Thimpu talks the Indian foreign secretary's shuttling had two basic aims: to persuade both the Government and the Temil leaders to prepare a clearly defined scheme of "devolution and decentralisation of power" to the local-regional level and to promot a broad "Sinhalese consensus" by convincing the Sri Lankan opposition that this Indian initiative wae likely to be Sri Lanka's very last chance

To achieve a Sinhalese consensus the key figure is former Premier Mrs Sirimavo Bandaranaike, whose Sri Lankan Freedom Party is tha traditional rival of the ruling United National Party. She has now teamed up with the bardline Buddhist clergy and is demand- a national referendum to approve any offer made to the Tamils.

The gap between the Tamils and the Sinhalese is very large and nothing India can do at this stage can bridge it. Now that the talks in Thimpu have collapsed President Jayewardane'e room for manoeuvre is very small. His own Sinhalese supporters are divided, the Tamils have closed ranks and with the security situation deteriorating daily the prospect is for more bloodshed before all sides are ready to go back to the negotiating table.

Jayewardene—facing a bleak outlook.

Berri rejects Syrian peace plan for Beirut

BY NORA BOUSTANY IN BEIRUT

A CEASEFIRE collapsed only 15 minutes after it was doe to go into effect yesterday and Mr Nabih Berri, the Shi'ite Moslem leader, turned down a Syrian-sponsored plan to halt four days of Moslem-Christian fighting as inadequate.

A special security committee chaired by Brigadier Ghazi Kanaan, the head of Syrian military intelligence in Lebanon, agreed on a truce that involved the posting of Syrian observers along confrontation lines.

But Mr Berri, head of the Shi'ite Moslem Amal militia, rejected the proposals, demanding that Lebanese Army artillery emplacement and other sources of shelling from Christian areas also be placed under strict surveillance.

Subsequently rockets crashed into Christian residential areas in East Beirut killing at least seven people and closing Beirut airport for the second day. A barrage of 30 shells on Wednesday damaged runways, shattered glass in the main terminal building and destroyed a Middle East Airlines Boeing 707.

In the afternoon, loud booms were heard in the Moslem sector of the Lebanese capital shattering hopes for a peaceful conclusion of the fiercest sectarian battles for 18 months.

Spirits were temporarily boosted yesterday morning when the national unity cabinet of Prime Minister Rashid Karami managed to meet under President Amin Gemayel for the first time in five months

The session was boycotted by Mr Berri and Mr Walid Jumblat, his Druze ally and minister of tourism and public works, who cut short a planned visit to Moscow

Mr Berri scoffed at the announcement issued in Chtaura by the security committee saying that Syrian military observers would be reduced to counting the blows, as French observers have done before them.

He stressed that guarantees were needed before his Amal movement would commit itself to any agreement, recalling that past ceasefires had been repeatedly violated. The Moslem minister, whose Shi'ite militia has been fighting with heavy weapons and armour against Christian militias and army units, has resisted earlier calls for a ceasefire.

The casualty toll from this latest round of Christian-Moslem hostilities has risen to 67 dead and 300 wounded. A mysterious car-bomb war that bit Christian and Moslem areas was the prelnde to beavy bombardment and rocketing of civilian centres and rural towns and villages this week.

The ceasefire agreement thrashed out by representatives of the Druze Progressive Socialist Party, Amal, the Lebanese Army and the Christian militias (the Lebanese Forces) called for the prohibition of heavy weapons. Both Moslem and Christian sides have been using rocket launchers, missiles, tank shells and 155mm guns in pounding densely populated residential areas in Beirut and its suburbs.

Crack found in rudder of Japanese 747

BY CARLA RAPOPORT IN TOKYO

A CRACK and some surfece scratches have been found on one Japan Asia Airways and two JAL Boeing Jumbo 747 SR jets, according to Japan's Ministry of Transport yesterday.

JAL said the scratches and crack bear no relation to the cracks reported to have been found on the pressure bulkhead of the ill-fated jet which crasbed last week in Japan killing 520 people.

The crack was found in the rudder hinge of a Japan Asia Airways Jumbo. The company is a JAL subsidiary, operating a service between Japan and Taiwan. The surface scratches were found on the pressure bulkheads of each of the two JAL jets, but are not believed to be potentially damaging to the aircraft.

Ministry officials said yesterday that they were still unclear about the causes for last week's crash. Information from the crashed aircraft's flight recorder was still being analysed, they said.

Agencies add: The Japanese Government ordered inspections of the vertical tail fins and rear fuselage sections of all 67 747s operated by Jepanese Airlines. Checks with the airlines showed that 33 of the 69 have now been inspected.

The Transport Ministry also began its own series of on-the-spot inspections of JAL's maintenance centres yesterday.

Mr Shiro Oshima, bead of the Agency's technical department, and 15 inspectors visited Tokyo international airport at Haneda, where they examined maintenance and service reports and acquired "background" information on the service performance on JA-8119, the jet that crashed.

Jepan Air Lines said yesterday it had stopped advertising in Japan and overseas following the crash which killed 520 people on August 12, Renters reports.

"In Japan it would be considered bad taste to maintain a high public profile after a disaster like this," Mr Geoffrey Tudor of JAL said. "It would be bad form, a sign of insincerity and lack of consideration."

Gandhi ponders Punjab election date dilemma

PRIME MINISTER Rajiv Gandhi decided yesterday to go ahead with next month's polls in Punjab despite calls for them to be put off following the murder of Sikh leader Harchand Singh Longowal.

Chief Election Commissioner Ram Krishna Trivedi said the Punjab Government had said it was confident it could ensure the safety of all candidates and guarantee an orderly poll. But he said voting would be postponed by three days until September 25.

The election must be beld exactly a month after an official notification of the poll. This was due to be issued today but has been put off until August 26 so that religious ceremonies in Longowal's memory can be held, Trivedi added.

The assassination posed a serious challenge to Mr Gandhi and to the peace eccord he signed on July 24 with Mr Longowal on ending the Punjab crisis. Sikh militants rejected the pect and vowed to continue their ght against the Government.

Mr S. B. Chavan the Home Minister told Parliament yesterday that the government would not allow an "impression to gain ground that a person's assassination would lead to election postponement."

"Few extremists would not be allowed to hold the country to ransom," the Minister told the npper house. He fell short of saying that the elections would definitely be held as scheduled, however.

Richard Johns examines the difficulties of finding an approach to the problem of the Palestinian demand for a homeland

U.S. ponders how to revive Middle East peace process

IT HAS taken nearly a year of Arab diplomatic endeavour, not least by King Hussein of Jordan, to revive in the Middle East what has come to be known as the "peace process."

The amorphous phrase acknowledges how intractable the Arab-Israeli conflict is and how labyrinthine must be any approach to solving the root problem of satisfying the Palestinian demand for a homeland.

The U.S. is now attempting at least to come to terms with the joint peace initiative lauched by Jordan and the Palestine Liberation Organisation six months ago, despite the involvement of the PLO, a body totally beyond the pale in Israel and, therefore, in America as well.

There is a real prospect, though no certainty, that U.S. officials will sit down with a joint Jordanian-Palestinian delegation in the near future. It will be the first above-board American contact with Palestinians, whose claim to self-determination has never been acknowledged by Washington.

Initially, any such encounter can only be very tentative. But it would amount to a resumption of the "peace process" by a super-power recognised by all the Arab parties as the vital broker in any settlement. This is because of its close links with Israel end the theoretical leverage it has over the Jewish state because of Jerusalem's desperate financial dependence.

The Reagan Plan, drawn up in September 1982, was unlike the Camp David accords and the peace treaty with Egypt, which were ambiguous about the future of the occupied territories. It envisaged Palestinian self-government—as opposed to self-determination — in a confederal arrangement with Jordan.

When the Likud-dominated coalition then in power in Israel summarily rejected the American proposals, the U.S. Administration virtually abandoned the Jewish state for a while.

Yet the U.S. could hardly ignore the Jordanian-Palestinian initiative when the plan was espoused by President Mubarak of Egypt, its main Arab ally, and then vigorously promoted by him on his visit to Washington in March. It was be who proposed a dialogue between a Jordanian-Palestinian delegation and the U.S. as e starting point to prepare for direct negotiations with Israel as envisaged in the February 11 accord between King Hussein and Mr Yassir Arafat, the PLO chairman.

Now the plan has the implicit endorsement, given earlier this month at the Casablanca summit, of a majority of 16 of the 21 members of the Arab League, including the conservative Arab states which the U.S. Administration counts among its friends. It also includes Egypt, which was expelled from the Arab League because of its bilateral peace treaty with Israel.

Support for the initiative could hardly be described as fulsome, quite apart from the omission in the communique of any explicit approval. The meeting was down-graded by the ebsence of six heads of state including those of Saudi Arabia, Kuwait, end Iraq.

However, the meeting set what could be an important precedent.

The traditional rule of consensus was, in effect, broken; which may mean that in future radical "rejectionist" states will not hava tha power of veto over moves by moderates towards a final peace settlement.

Of more immediate importance, none of the states attending has said that the initiative si contrary to tha resolutions of the previous summit held in Fez in Septemer 1982, the most recent enshrined consensus on Palestinian self-determination.

The relevant resolution spoke of "the establishment of an independent Palestinian state with Jerusalem as its capital." The vital quid pro quo was contained in the next artiele with its reference to the UN Security Council guaranteeing "peace to of participating countries, all states in the region. That was regarded by all the participants, including tha PLO, as implicit offer of recognition to Israel.

That response to the Reagan Plan was as far ea the pan-Arab consensus was prepared to go. But the Jordanian-PLO initiative goes further towards meeting the U.S. position and even that of the Israeli Labour Party. It envisages the formation of e Palestinian state in a confederal relationship with Jordan in return for peace based on Security Council resolutions and, in particular, Resolution 242 of 1967, the subseqnent framework for all peace efforts.

The U.S., in contemplating an intermediery role, faces what bas seemed until now an insuperable obstacle in the form of PLO involvement.

The question of Palestinian representation in any joint delegation entering into a dialogue has been, since April, the subject of consultations between King Hussein and Mr Arafat, wrangles behind the scenes within the PLO, and America diplomatic exchanges with Amman and Jerusalem.

In -975, Israel extracted from Dr Henry Kissinger a commitment that tha U.S. would have no dealings with the PLO unless and until it accepted Resolution 242 and recognised Israel's right to exist.

The PLO's stated misgivings about Resolution 242 are that it does not include the principle of Palestinian self-determination. But Mr Arafat bas said publicly that be would eccept it if the U.S. first recognised the principle.

If the U.S. were left to itself, that deadlock might be broken.

As for Israel, "the only place we meet the PLO is in the battlefield," according to Mr Yitzhak Rabin, the deputy leader of the Labour Party who is Minister of Defence in the present coalition that is also the consensus view.

The U.S. State Department knows that no Israeli leader could consider talking to the PLO and hope to survive politically. The undying emnity would not be alleviated even if tomorrow the PLO were to recognise Israel and renounce terrorism as well — a move which would be dismissed as deceitful strategem.

From the outset, the increasingly divided Israeli Government, Labour and Likud alike, ruled out participation of eny PLO member in a joint delegation.

However, revived American interest in the "peace process" has at least prompted Mr Shimon Peres, Israel'a Premier, to announce that his Government intends to offer self-government to Palestinians in the West Bank edding that his coalition partners were in agreement.

But security would have to remain in Israel's bands, be said. His proposition was not new and is very much within tha limited context of the Camp David acords.

The Israeli Labour Party is nominally committed to negotiete with King Hussein the return of some territory — half of which on the West Bank is expropriated — in return for peace.

It rules out any independent entity and self-government can amount te little, if anything, as long as the PLO is proscribed in its widest political manifestations.

Likud is against any territorial compromise and has not produced any ideas on how 1.2m Palestinian inhabitants might be given political rights beyond those ambiguous, narrow provisions in the Camp David accord—which should, anyway, have been implemented by the summer of this year.

Any serious response to the initiative by the Labour component would almost certainly break the coalition.

It is no wonder that the U.S. State Department is desperately anxious not to raise false hopes about progress and has warned against any dramatie breakthrough.

For the time being the U.S. and Israeli objection to the Jordanian-Palestinian demand for negotietions to take place in the context of an international conference involving the Soviet Union is of only ecademic interest.

So is the opposition of Syria, which will always try to block a settlement that ignores its interests. By definition, however, Syria must be a part of a final comprehensive settlement and, arguably, the Soviet Union must be as well.

Objection to the Soviet Union's participation is based on fears that it might block any progress on behalf of its Syrian client. Jordan and the PLO would argue that in the final analysis Moscow'a epproval is essential to make any deal stick.

Even at this tentative stage, the issue of Syria cannot be evaded. The American tendency is to ignore it because Syria's regional strategy is to impose its hegemony on Jordan and any Palestinian entity as well as Lebanon.

Syria is now the patron of nearly all tha anti-Arafat Palestinian factions. It is certein to do its utmost to undermine any negotiations which do not take into account its immediate interests in the region: the recovery of the Golan Heights and e recognition of its role as the arbiter of Lebanon's future.

Implicitly, the U.S. end Israel, with their fingers badly burned is Lebanon conceding the latter.

Positive Soviet participation in the process would depend on a real measure of super-power detente, a prospect which should be easier to appraise after the Reagan-Gorbachev summit.

Israeli acceptance of a role for Moscow and willingness to make minimal concessions might be obtained in a better global environment if more Jews were allowed freely to emigrate from the Soviet Union. But the peace process will have to progress a long way through the labyrinth before that possibility is confronted.

The overwhelming odds at the moment are that it will be stopped dead in its tracks by divisions and extremism on both sides, Israeli and Arab, before it is reached.

Arab leaders, King Hassan of Morocco (left), Mr Yassir Arafat and King Hussein of Jordan showing solidarity at the Casablanca summit

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STIFFER EEC RULES SOUGHT

Ford urges curbs on Japanese imports

BY PAUL CHEESERIGHT IN BRUSSELS

FORD, the biggest selling car manufacturer in Europe last year, wants to curb Japanese penetration of the EEC motor industry by stiffening up the rules of origin.

Such a stiffening could make European manufacturing ventures less attractive to Japanese companies and pose problems for joint Euro-Japanese ventures already in place, including that of BL and Honda in the UK.

Mr Robert Lutz, the Ford of Europe chairman, has spelt out the case for change in a memorandum sent to M Jacques Delors, president of the European Commission.

If the idea is picked up, it could prove attractive to France, which unilaterally holds down Japanese imports, and Italy which has the apparently contradictory policy of restricting imports but playing host to a joint venture between Nissan and Alfa Romeo.

Present rules provide for EEC origin to be conferred on a product when the last substantial phase of manufacturing or assembly takes place in an EEC country. For cars "substantial" means 60 per cent of the ex-factory invoice price.

According to Ford, "products from Japanese-involved ventures should only be regarded as non-Japanese if an 80 per cent, rigorously defined, European content level is achieved."

Austin Rover's production of the Honda-based Rover 200 series would qualify; but an intent to assemble Honda cars on spare Austin Rover capacity would probably run foul of such a definition. Austin Rover's first Honda-based model, the Triumph Acclaim, initially had a 70 per cent local content.

Underlying Ford's advocacy of this case is the desire to buy time for the EEC industry to improve its international competitive position. It does not think this position is improved by establishing with Japanese funds what it calls "token assembly plants."

The plants not only add to over-capacity, Ford told the Commission, but they threaten the research and development capacity of domestic manufacturers and put pressure on them to lower the European content of their products.

Apart from the projects between BL and Honda, and Alfa Romeo and Nissan, other ventures established or planned include the Nissan plant in the UK, Bedford's links with Isuzu, Nissan's involvement with Motor Iberica in Spain, and Hino's truck plant in Ireland. Nissan, however, is already committed to 80 per cent local content if it moves to full manufacturing in the UK. The initial 24,000 cars a year to be assembled from 1986 will come off its import quota.

From the Japanese point of view, plant establishment in the EEC offers continued access to a market of 300m people without the problems of tariff and quotas on products assembled in Japan

Ford wants the EEC to ensure "moderation" of Japanese imports until such time as the Japanese Government corrects what it sees as the undervaluation of the yen and until the domestic motor industry "has completed its structural adjustment."

The group's plea for an EEC trade policy towards Japan comes at a time of increasing governmental irritation over Japanese trade policy. This has resulted in moves to raise duties on electronic products and take a more arbitrary line in anti-dumping cases.

Fay Gjester examines the issues in an election which so far has aroused only lukewarm interest

Norway's poll contest: a case of who 'cares' wins

IN LESS than three weeks, Norwegians will have a chance to choose between four more years under the present, Conservative-led coalition or the return to power of the opposition Labour Party, which ruled the country for most of the past 50 years.

Parliamentary elections are due on September 9. Public opinion polls give the three coalition parties only a slight edge over Labour and its allies. With large groups of voters reportedly still undecided, the scene is set for a close race.

In 1981, the trio won 79 of the seats in the 155 member Storting (parliament), with the Conservatives taking 53.

Public interest so far in this year's contest appears lukewarm. An Oslo business newspaper remarked last week that the election battle was shaping up to be "the most toothless and boring of the 1980s."

This could change. Labour, with 66 representatives in the last Storting, is going all out to persuade Norwegians that their welfare state has been undermined by four years of Conservative rule, and that the process will accelerate unless Labour can get in and try to reverse it.

A key plank in Labour's election programme is its promise to invest NKr 20bn (£1.75bn) over the next four years, in modernising Norwegian industry and creating new jobs for the country's expanding labour force.

It has also pledged to lower the pension age for both sexes from 67 years (Europe's highest) to 66, and to spend much more on health and social services, particularly care of the elderly.

Norway, like most Western countries, is now seeing an increase in its senior citizen population—a trend which has already led to lengthening queues for nursing home places and overcrowded geriatric wards.

Labour's reply to the Conservative argument that the nation cannot afford to spend on this scale, is that the alternative could be a further boost in dole payments and unemployment relief schemes—which have cost NKr 10bn over the past four years.

Unemployment, which stood at 2.9 per cent in July, was low by international standards and down on a year earlier. But it was still higher than the level Norwegians regard as normal and higher than the unemployment rate under the last Labour Government.

During a televised debate this week between the Conservative Prime Minister, Mr Kare Willoch and Ms Gro Harlem Brundtland, Labour's leader and candidate for premier, Mr Willoch was very much on the defensive.

He denied that his party was less "caring" than Labour, or any less committed to the welfare state. It was simply a choice between a responsible and an irresponsible spending programme, he argued.

The contenders: Mr Kåre Willoch and Ms Gro Harlem Brundtland.

The sight of Mr Willoch apparently at bay was a new one for Norwegians. The Conservatives started their campaign on a very jaunty note, stressing their achievements—lower taxes, fewer regulations and a falling inflation rate—and the country's evident prosperity.

The slogan was "Everything's going so much better now"—the Norwegian version of "you never had it so good."

Apart from the minority of unemployed, disabled, and old age pensioners, most Norwegians are prosperous at the moment. Oil and gas revenues are rolling in, and land-based industry did well in 1984, with exports boosted by the strong dollar.

Private consumption this year has soared; new car sales, for instance, are up by more than a third on a year earlier. The crowds in the streets are well dressed, restaurants, cinemas and theatres are full, and this summer more people than ever enjoyed a holiday abroad.

A stock exchange boom has created a new class of celebrities, speculators who earn millions by moving in and out of takeover deals at the right moment.

On the other side of the coin, the growth of central and local government spending has been curbed over the past few years, to help finance the tax cuts and tax breaks — concessions which have mainly benefited the better off. Public spending has risen, but not fast enough to keep pace with demand.

Queues for hospital treatment have lengthened, kindergarten places are scarce, new housing starts are at a post-war low, and rising rents have led to a record number of claims for public assistance and a growing population of homeless youths in the largest towns.

The last few months have seen the establishment of private clinics in Oslo and elsewhere, enabling the well-to-do to jump hospital queues. Private-sector medicine is a phenomenon of post-war Norway, and many Norwegians are expected to agree with Labour's claim that it is unjust, and will drain resources from the public sector.

One of the two junior partners in the coalition has climbed on the "caring society" bandwagon. The Centre (farmers) Party has called for the state to pay a wage to those who care at home for elderly, ill or disabled relatives.

The proposal has embarrassed the dominant Conservative Party, which worries about the cost, but it has gone down well with the coalition's other junior partner, the Christian Democrat Party, and with the Labour, Socialist Left and Liberal parties. The issue could win a few votes for Centre, whose traditional favourite cause is regional development — not a big vote winner in towns and cities.

The small parties on both sides of the political divide are eager to spotlight issues which set them apart from the two main contenders Labour and the Conservatives. The Christian Democrats stress their commitment to the family and "traditional values." The tiny Progress Party, to the right of the Conservatives, wants even more free enterprise and lower taxes.

Labour's two parliamentary allies are the radical Socialist Left Party and the Liberals. The former is what its name implies; the latter, with only two MPs in the old Storting, prides itself on being Norway's "greenest" party. Its leader recently proposed that Norway should sue Britain over Whitehall's refusal to cut sulphur dioxide emissions — the cause of "acid rain" over Scandinavia.

It all makes for entertaining variety in the flood of election literature, but the past decade has seen a steady trend away from the smaller parties. The important contest, as in 1981, will be between Labour and the Conservatives — Gro versus Kare, in the language of the popular media.

Espionage harms ties with East Germany, says Kohl

WEST GERMAN Chancellor Helmut Kohl said yesterday the affair of three suspected Communist spies in Bonn had strained relations with East Germany, and accused East Berlin of sowing mistrust between the two states, Reuter reports from Bonn.

In an interview with West German television, Herr Kohl said the new indications that there were long-term agents in sensitive posts in Bonn showed that East Germany's calls for better ties were often mere propaganda.

Meanwhile, West German investigators said yesterday they were looking for a fourth man who worked for the country's counter-intelligence service.

The Federal Prosecutor's Office said an employee at the "Office for the Protection of the Constitution" in Cologne had been missing since Monday.

While refusing to go into detail about the hunt for two secretaries and a messenger suspected of working for East German intelligence, the Chancellor said the affair had inevitably harmed links between the two Germanies.

"Yes, of course it is a strain (on relations), and this is not the only case, this is not our first experience of this kind," Herr Kohl said.

"When spying and eavesdropping is going on in our ministries, in our parties, in business organisations and trade unions, indeed everywhere relatively important decisions are taken—this inevitably creates mistrust," he added.

Retaliation urged in Congress

By Reginald Dale, U.S. Editor in Washington

THE CASE of the "spy dust" diplomats provoked angry outbursts from Congressional leaders yesterday, and a more resigned reaction from long-time students of Soviet behaviour.

Leading Republican senators charged the Soviet authorities with "criminal" and "barbarous" conduct in using a potentially cancer-causing invisible powder to keep track of American diplomats and their contacts in Moscow.

The U.S. allegation, made public by the State Department on Wednesday, came at a time when Congress is already highly sensitive to Soviet intelligence activities in the wake of recent spy scandals in the U.S.

A "shocked" senior Republican, Sen. Strom Thurmond of South Carolina, said the U.S. should shut down its embassy in Moscow altogether "if they are going to put chemicals on our people over there, subject them to cancer."

The State Department said that the powder was applied to things like doorknobs, car steering wheels and clothes, so that anyone touching it would subsequently leave a tell-tale trail of minute particles like "invisible fingerprints."

While the Soviet embassy in Washington rejected the allegation as "nonsense," Sen. David Durenberger, the Republican chairman of the Senate Intelligence Committee, called for the expulsion of all Soviet intelligence agents from the U.S.

Sen Patrick Leahy, the Committee's Democratic vice chairman, said that the Administration should immediately enforce legislation he has sponsored reducing the 320 or so Soviet diplomats in the U.S. to the same level as the roughly 200 Americans in Moscow.

Mr Malcolm Toon, a former U.S. Ambassador in Moscow, took a more philosophical line. "They've been behaving this way for 70 years and I don't see them not behaving this way in future." He did not believe that the incident would torpedo the November summit meeting between President Reagan and Mr Mikhail Gorbachev, the Soviet leader, in Geneva.

The White House, while describing the Soviet activities as "serious," has also said they should not be allowed to damage prospects for the summit.

Mr George Shultz, the U.S. State Secretary, is also likely to take up the American complaint in two meetings next month with Mr Eduard Shevardnadze, the Soviet Foreign Minister, according to U.S. officials.

Envoys in Moscow take 'spy powder' charge seriously

BY OUR MOSCOW STAFF

WESTERN diplomats yesterday were taking seriously the U.S. allegation that Moscow used a possibly cancer-inducing chemical to trace American embassy staff here, but so far only the U.S. had called in experts.

The allegation could mark the start of another phase of superpower tension at a time when U.S. and Soviet officials are preparing for November's Reagan-Gorbachev summit.

U.S. Chargé d'Affaires Richard Coombs invited some 30 representatives from allied and neutral western embassies to brief them on the charges, which Soviet officials in Washington and New York dismissed as nonsense and an invention.

Mr Coombs, who called in the entire adult American community on Wednesday night to break the news that the chemical nitro phenyl pentadin (NPPD) appeared to have been "applied indirectly" to U.S. citizens, told the assembled diplomats that there was no immediate health hazard given the small doses said to have been used.

Mr Simon Hemans, head of Chancery at the British Embassy, said after the briefing at the U.S. ambassador's residence that he had informed London and was awaiting further instructions. There was no evidence he was aware of that British residents were also targets and he said London would decide on the need to send medical experts.

Other embassies also said no immediate action or protests were planned, pending instructions from governments, but some were assuming possible contamination in the absence of proof to the contrary.

All representatives said they took very seriously the charges outlined by Mr Coombs. He and State Department medical expert Dr Charles Brodine gave medical advice but no technical details about how the chemical "spy powder" was applied.

"Those present certainly did not feel the Americans were playing to the gallery," one said, dismissing Soviet comments that Washington was seeking to discredit Moscow and charge the atmosphere ahead of the superpower summit in Geneva.

U.S. officials say they have known about the sporadic use of tracer chemicals by the KGB security police for several years but that they only noticed this spring and summer that the usage was regular and in larger, but still tiny doses.

The American allegation is the latest in a long series levelled against the Soviet Union and, by announcing it at such a sensitive time, Washington has appeared to signal it would not tolerate its citizens being possibly endangered whatever the consequences for bilateral relations.

The use of tracer chemicals, which could rub off on Soviet contacts, is the second time the KGB has been accused of being involved in activities which could be a health hazard to Americans and others.

In 1976 U.S. officials said the embassy, situated on a busy inner ring road, was being bombarded with microwave radiation, apparently to thwart U.S. eavesdropping equipment.

French Aids contacts to get early warnings

BY DAVID MARSH IN PARIS

FRENCH PEOPLE shown through blood tests to have been in contact with the virus causing Acquired Immune Deficiency Syndrome (Aids) will be informed by the medical authorities to enable prompt treatment to be carried out.

This has been decided by M Laurent Fabius, the Prime Minister, following the introduction at the beginning of this month of compulsory Aids screening tests for all blood donations in France.

The decision is important for both medical and ethical reasons because research has indicated that only about 10 per cent of people shown by tests to carry Aids antibodies will eventually contract the disease.

The Government has thus had to weigh up the likelihood of unnecessarily alarming blood donors against the risk of allowing the disease to spread by not informing potential carriers.

In a letter to M Edmond Herve, the State Secretary for Health, published in France by the Government yesterday, M Fabius said measures were needed "without delay" to combat Aids. At the same time he warned against "excessive dramatisation."

About 370 people in France are currently suffering from the disease, which proves fatal in most cases. Although Aids has up to now affected primarily homosexuals, haemophiliacs and drug addicts, the French Government has been mounting an effort to underline that the general population can be at risk, above all through the threat of contamination via blood transfusions.

Diagnostics Pasteur, a joint subsidiary of the Sanofi drugs group and the Pasteur Institute, is the main company marketing Aids diagnostics tests in France. Abott Laboratories, the American company which is one of the five to have started Aids tests in the U.S., has also been given authorisation to sell its diagnostic kits in France.

Scientists from the Pasteur Institute first laid claim to discovering the Aids virus in May 1983, a year ahead of U.S. scientists. A furious patents battle between France and the U.S. is now under way over rights to royalties on Aids tests now being introduced progressively to screen blood samples around the world – a market which could be worth $150m a year.

In his letter, M Fabius said people shown after blood screening to be carrying Aids antibodies would be told only by a doctor and after a confirmatory test. Information would enable patients to have regular medical check-ups and to benefit from therapeutic advances, he said.

Aids screening for the 4m blood donations carried out each year in France will cost a total of FFr 200m ($23m). The main treatment in France against Aids, in experimental use for two years, is based on the HPA 23 drug discovered by teams at the Pierre-et-Marie-Curie University and the Pasteur Institute.

Greek bank takes over shipyard

BY ANDRIANA IERODIACONOU IN ATHENS

THE STATE-RUN Hellenic Industrial Development Bank (ETBA) signed a contract yesterday for the purchase of Hellenic Shipyards, the ailing yard owned by shipping magnate, Mr Stavros Niarchos, which suspended operations last April because of sustained financial losses and chronic labour unrest.

The bank declared a decision in principle to buy the yard, over a month ago, saying a final contract would be signed by the end of July. But negotiations dragged on past the deadline, as the two sides were understood to be hammering out details, such as the price, and guarantees, to cover damages allegedly discovered in the yard's dock structures.

The yard management was offering to sell the company for $14m, while ETBA was understood to be holding out for $10m.

Neither bank nor yard officials were available to disclose details of the final contract yesterday, leaving questions open regarding what terms were finally settled on.

The Socialist Government has been under pressure from left-wing labour unions to go ahead with a state takeover of the yard, which is one of Greece's single largest industrial employers, with 4,800 workers. The Government, which already has more than 30 over-borrowed industries on its hands in a bid to keep unemployment down, has been reluctant to assume the yard's estimated $16m debt, 60 per cent of which is in foreign exchange.

AMERICAN NEWS

C. America peace force 'proposed'

By Jimmy Burns in Buenos Aires

LATIN American foreign ministers meeting in Cartagena for talks on Central America this weekend discuss the formation of a regional peace-keeping force as a possible way out for the deadlocked peace initiative by the four-nation Contadora group, which comprises Mexico, Venezuela, Colombia and Panama.

In Buenos Aires yesterday, the Argentine Government publicly denied a local newspaper report that the plan would be raised at the talks by Sr Dante Caputo, the Argentine Foreign Minister.

"Argentina does not propose a peace-making force in Nicaragua," an official spokesman said.

However some diplomates insisted yesterday that support had been growing for the peace force initiative among other Latin American countries that back Contadora — Brazil, Uruguay and Peru.

The idea is understood to have been raised in recent weeks with both the Nicaraguan Government and the U.S. Administration provoking a mixed response.

The usually pro-government Argentine daily La Razon yesterday claimed that one idea being mooted was that the proposed peacekeeping force made up of members of the Argentine, Brazilian, Uruguayan and Peruvian armed forces would act as a buffer — sealing off the Nicaraguan frontier by preventing the intrusion of right-wing U.S. backed contras and the flow of Nicaraguan military help to El Salvador rebels.

Diplomats said there was opposition within the Government of President Raoul Alfonsin to the feasibility of giving practical support to the initiative.

The involvement of the Argentine armed forces in Central America has been a taboo subject since it was discovered that the former military regime had sent groups of advisers to support anti-Communist forces in Honduras and El Salvador.

There wase also reluctance in the civilian government to any suggestion of a fresh military adventure, howover peaceful its initial motive, following the Falklands

Brasilia alarmed by public spending growth

BY OUR RIO DE JANEIRO CORRESPONDENT

PUBLIC EXPENDITURE is still growing alarmingly fast in Brazil, respite beavy pressure from the International Monetary Fund (IMF), to curb the anticipated large public-sector deficit.

Official estimates of the public wage bill for 1985 range from e real increase of 15 per cent over last year to a staggering increase of 46 per cent.

Complaining about the Planning Ministry's inability to make severe cuts, Sr Carlos von Doellinger, e senior Finance Ministry official, claimed last week that the public wage bill would rise this year by 40 per cent.

As President Jose Sarney's Government has publicly committed itself to avoiding mass dismissals in the public sector, the payroll has, inevitably, become one of the greatest sources of pressure on the new Administration's finances.

The other major factor limiting room for manoeuvre on the deficit is the cost of serving debt contracted at home and abroad by state enterprises and euthorities. Two thirds of the servicing is on foreign debt, according to the Planning Ministry.

To finance the deficit, the Central Bank is resorting increasingly heavily to placing Treasury bills on the domestic money market. But Brazilian financiers are becoming very concerned at the extent of the Government's reliance

As figures published on Wednesday revealed, the public debt oot of the hands of the monetary authorities—the Central Bank and the state-owned Banco do Brasil—grew by 544 per cent in the 12 months to the end of June. Discounting inflation, this represented a real growth of 200 per cent.

By the end of June, the public debt had grown to Cruzeiros 117.8 trillion (million million). Between March, when the Sarney Government took office, and July, debt rose at an average monthly rate of 17.3 per cent.

Alarmed by the rapid growth, Sr Carlos Brandao, a leading figure on the domestic capital markets, on Tuesday said that if the Government did not take urgent steps to control its spending within two years the internal debt would exceed the country's $104bn foreign debt.

Other economists also warn that the central bank may soon run into difficulties in placing its bills on the domestic market.

Countdown begins for shuttle repair mission

CAPE CANAVERAL – The countdown began yesterday for the launch of the space shuttle Discovery on a mission to repair a crippled communication satellite, AP reports. Lift-off is scheduled for tomorrow.

The five-man American flight crew flew to Cape Canaveral on Wednesday from the astronaut training base in Houston. Commander Joe Engle said: "Wo are ready to go Saturday." The astronauts will spend today brushing up on their flight plans, meeting shuttle managers and undergoing medical checks.

The first three days in orbit will be devoted to deployment of commercial communications satellites for the Australian Government, American Satellite Co. and Hughes Communications Services.

Then Commander Engle and Pilot Dick Covey will guide Discovery through a series of tricky manoeuvres to track down the $85m Syncom communications satellite which failed to activate after it was released by another crew in April.

Astronauts James Van Hoften and Bill Fisher will try to restore life to the satellite by making electrical connections to its timing mechanism, believed to be the cause of the failure.

Canada may increase its presence in Arctic

VANCOUVER – Canada has dropped the idea of asking the World Court to rule on e dispute with the U.S. states over control of the North-West Passage, Mr Joe Clark, External Affairs Minister, said yesterday.

Mr Clark said the Government was instead considering several options to increase Canada's presence in the Arctic, including e larger military force in the region.

The dispute over jurisdiction in the Arctic waters that provide a northern link between the Atlantic and Pacific Oceans was brought to e head this summer when o U.S. icebreaker, the Polar Sea, sailed the route without asking permission from Ottawa.

Nationalist-minded Canadian critics attacked the Government for not being vigorous enough in its opposition to the voyage.

There were suggestions that the Government should take the issue to the International Court of Justice et The Hague

Mr Clark would not rule out that course, but he said other possibilities were being studied.

Mr Clark also mentioned the possible construction of a polar icebreaker that would be powerful enough to navigate the waters throughout the year.

NY lottery officials find a winner

LOTTERY officials said yesterday there was more than one winner in New York's $41m (£30m) *Lotto drawing*, the largest in North American history, but that it would be several hours before exact figures are available, AP reports from New York.

An exuberant group of 21 workers at an offset press factory in Mount Vernon said they had one of the winning tickets. They said they had agreed to pool $21 to play the lottery and split any winnings.

There was no immediate word of other winners. All, including the Mount Vernon group, had to be verified by *state lottery officials*.

There were a record 36.1m $1 bets on the jackpot. The winning numbers were 14, 17, 22, 23, 30 and 47, with the supplementary number 33.

"If no one had guessed the six numbers out of 48 possibilities," Mr John D. Quinn, the state lottery director, had said he would cap Saturday's drawing at $50m, "more than enough money for somebody spending a buck to take a chance winning."

Mr Quinn advised winners to sign the lucky ticket, hire a lawyer and an accountant, order an unlisted telephone number and show up at the World Trade centre in Lower Manhattan,

Drop in U.S. factory goods orders dims hopes of recovery

BY NANCY DUNNE IN WASHINGTON

NEW ORDERS of durable goods from U.S. factories fell a sharp 2.8 per cent in July from the June level, the Census Bureau reported yesterday, as the American economy showed few signs of emerging from its current stagnant state.

However, inflation is holding to its moderate course. The Labour Department said yesterday that consumer prices inched up 0.2 per cent last month, the same as in May and June. This kept the annual inflation rate at 3.5 per cent.

The size of the drop in durable goods orders, a key indicator of the economy's strength, caught most analysts by surprise. The decline follows e revised increase of 3.1 per cent in May and 3.6 per cent in June, but much of that resulted from surges in the volatile defence spending sector, which fell 17.6 per cent last month.

With imports still at bargain prices as e result of the strong dollar, declines prevailed in most industries last month. Machinery orders fell 4.2 per cent, and primary metal orders *slumped* 1.1 per cent *with* declines in aluminium and other non-ferrous metals offsetting an improvement in steel orders.

Signs of future improvement were scarce, and after reports of falling housing construction and retail sales, yesterday's figures appeared to sustain the belief that the economy is not rebounding strongly in the third quarter.

The rise in the consumer price index was attributed largely to the cost of housing—up 0.6 per cent from a month earlier after rising 0.4 per cent in June. The increase, however, was offset by lower transportation and meat prices.

Imports kept the cost of manufactured goods down and the oil glut pushed down gasoline prices by 0.4 per cent. Clothing costs fell 0.2 per cent.

The costs of medical care rose 0.5 per cent, just slightly less than the 0.6 per cent average monthly rete during the first half of the year.

While new car prices went up slightly—0.2 per cent—declining interest rates dropped the cost of financing by 0.9 per cent. The cost of telephone services shot up a *substantial* 0.8 per cent.

Political murders and police unrest in Chile continue to fuel rumours of coup plots, writes **Mary Helen Spooner**

Storm clouds gather over Pinochet's head

THE deniel this week by General Augusto Pinochet that any coup plotting was underway within his peramilitary police force, the carabineros, has only partially dissipated the cloud of rumours hanging over the Chilean capital.

The climate of uncertainty began with revelations that carabinero officials had taken part in the kidnapping and murder of three Chilean Leftists earlier this year. It heightened when a purge of the carabinero officer corps began.

Victims of the purge include General Cesar Mendoza, the former carabinero commander, who felt compelled to resign from the ruling junta on August 2, and about 30 other high-ranking officers who have been called into retirement.

A court investigation which implicated 14 offcials in the three deaths is continuing, with more indictments possible as the chain of responsibility becomes known.

The three victims, all members of Chile's outlawed Communist Party, were kidnapped in two separate incidents from comfortable upper-middle class sections of Santiago, the capital. Their bodies were later found with their throats slit on the outskirts of town.

While political killings are not unheard of in Chile, the public reaction was far stronger than in previous cases of human rights abuses.

"For many years, many Chileans thought the accusations of human rights abuses were invented by opposition groups," one diplomat in Santiago said. But the combination of increasing anti-Government sentiment over the past few years and the number of witnesses to the kidnappings, turned the crime into a political problem for the Pinochet regime.

The Government'e credibility was not helped by indiscreet remarks about the case by some officials. The Chilean Defence Minister and two junta members blamed the killings on Leftists. A naval commander, Sr Jose Merino even suggested that the carabineros might have been infiltrated by Communists seeking to discredit the force.

A second, perhaps equally important factor was the rivalry between the carabinero's intelligence arm, Dicomcar (a Spanish acronym for "carabineros communications division"), and the Central Nacional de Informaciones (CNI), the regime'e feared security organisation.

According to sources in Santiago, CNI officials resented the Carabineros' intrusion into what they considered their exclusive territory. When news of the triple kidnapping and murder broke, Gen Humberto Gordon, the CNI director was quick to state publicly thet no member of his force had been involved.

In the past, investigations of human rights abuses by Chile's judiciary have often been stymied by a lack of official co-operation and the reluctance of military courts to prosecute members of the armed forces for political crimes.

In this case, however, the CNI lent extensive help to the court-appointed special investigator, providing him with aerial photographs and the names of carabineros implicated in the crime, a fact mentioned in the investigator's report.

Chilean officials blandly deny any ill-feeling between the carabineros and the CNI, but the tensions were evident at the swearing-in ceremony for Gen Mendoza's replacement, Gen Rodolfo Stange.

Gen Mendoza complained bitterly that the carabineros had become the target of a political persecution and said he had not spoken to the NCI chief "for along time."

Chile's armed forces may be the most disciplined and hermetic in all of Latin America, offering few glimpses into their inner workings. A scandal surrounding the "case of the slit-throated men," as it has been dubbed by the local press, has given Chileans a tantalising, albeit limited, look et the military.

The combination of visibility and restricted information, along with wishful thinking on the part of tho Pinochet regime's critics, has fuelled speculation of coup plotting among carabinero officers.

This week an opposition news magazine reported that the rumours of carabinero unrest had originated among the police force. According to this version, carabinero officers held a series of "informal social gatherings" which gave rise to rumours of unrest and coup-plotting.

Even if the carabineros were to attempt an uprising, it is doubtful they could pose any serious challenge to the Chilean army, which by all accounts is still loyal to Gen Pinochet.

Gen Pinochet, commenting on the rumours this week, noted that not long ago there bad been gossip that be had suffered e heart attack during a trip to northern Chile, a report *subsequently denied*.

Nevertheless, the scandal is likely to continue to simmer in Chile as September 11, the anniversary of the coup which brought Gen Pinochet to power, approaches.

The date has traditionally been an occasion of anti-government protest. If carabinero officials implicated in the triple murder are not prosecuted to the satisfaction of the victims' families and supporters, the unrest is likely to be much greater than usual.

WORLD TRADE NEWS

Israel, UK to discuss new coal agreement

By Maurice Samuelson

ISRAEL and Britain are preparing to hold talks about a new five-year agreement for the supply of up to 500,000 tonnes of coal a year from the UK's National Coal Board to the Israeli electricity industry.

The matter was raised this week when Mr Ram Ron, managing director of the Israeli National Coal Supply Corporation, visited the NCB's London headquarters to discuss the breakdown in the present supply agreement because of the miners' strike.

Although neither side has discussed proposed prices, it is believed that as the NCB acts to reduce overcapacity, it will be less flexible on the prices it accepts from overseas customers.

The Israelis are hinting that future long-term contracts should include a counter-trade element so that half the value would be paid for in Israeli goods or services.

Israel buys 3.3m tonnes e year, mainly from Australia, and before the UK miners' strike had been taking up to 250,000 tonnes o year from the UK.

Israel and the UK are currently negotiating the price of the final tranche of coal to be delivered in the final year of the present agreement, which ends in September 1986.

Although no price was fixed this week for the last year of the present pact, the two sides are believed to be near agreement and that before the end of the year the NCB will begin shipping Israel 300,000 tonnes in 50,000-tonne cargoes.

Philippines relaxes import credit rules

THE Philippines central bank is now allowing the country's banks to open letters of credit covering import of dairy products and bottles without prior approval of the Ministry of Trade and Industry and the Board of Investments, our Manila correspondent reports.

Dairy products and bottles are the first to be taken off the list of products the import of which is subject to approval. This requirement has enabled the Government to regulate or even ban the entry of certain foreign products.

COMPLAINT OVER GOODS AND SERVICES ISSUE

Brazil accuses U.S. of retreat on 'twin-track' talks

BY ANDREW WHITLEY IN RIO DE JANERIO

BRAZIL, the focus of U.S.-led pressures to include services in a new round of international trade talks, has accused the Reagan Administration of retreating from an initial willingness to go along with the Brazilian proposal for "twin-track" discussions on trade in goods and services.

With balloting under way among the 90 members of the General Agreement on Tariffs and Trade (Gatt) on the U.S. call for a special session of the contracting parties during September, the Brazilians are manoeuvring to avoid a head-on collision at the planned conference in Geneva, and may not attend at all if such a meeting takes place.

According to senior Brazilian officials, Mr Michael Smith, U.S. Deputy Trade Representative, initially "fully accepted" that goods and services should be treated separately in official-level negotiations. But, they complain, he was apparently overruled by Dr Clayton Yeutter, the new U.S. Special Trade Representative.

For their part, the Brazilians have recently retreated from the original proposal put forward by Sr Olavo Setubal, the Foreign Minister, in Stockholm in June.

Rather than holding completely separate discussions, Brazil now says it is prepared to deal with the contentious services issue within the existing Gatt framework—provided there *is* no linkage with the parallel negotiations on goods.

Much of its hopes of avoiding being forced next month into a special meeting of Gatt, at which substantive discussions on services would be expected to take place, are pinned on what it sees as a split opening up within the ranks of the European Economic Community.

France, supported by Italy according to Western diplomats, is reported to have signalled its dissatisfaction with the U.S. steamroller tactics at Gatt.

Canada and Japan, two of the developed countries' other allies in this long-running tussle, are also thought by the Brazilians to be moving towards finding ways of avoiding a new impasse.

Among the possibilities being aired in Brasilia is the postponement of the Gatt special meeting, until agreement can be reached on its agenda.

This is a course of action which Mr Arthur Dunkell, Gatt Secretary-General, and Sr Felipe Jaramillo, the Colombian chairman of Gatt, are to be urged to pursue once the result of the ballot is known.

But, if the special meeting does go ahead in September as planned, the Brazilians and their allies, who include India, Egypt and Yugoslavia, may be forced to reconsider their full participation.

"We may not take part at all, or else only in those talks dealing with goods," one senior official said, although no final decision has yet been taken.

One factor which could change the picture entirely as far as Brazil is concerned would be the opening-up of the basic text of the Gatt treaty to discussion. "Would the U.S. be prepared to allow this?" the official asked rhetorically.

Unaccustomed to the enormous pressure it is coming under from the Western industrialised world, Brazil is clearly weakening.

But it still hopes to persuade other Gatt members that what would almost certainly be a tense and disruptive set of official meetings, to discuss the substance of the trade round, would be in no one's interests.

"If (the special session) moves to vote on substantive matters, this would be very dangerous," the Brazilian official said. "Even if we can agree on procedural matters, agreement at this stage on substantive matters is impossible."

Washington searches for consensus on trade

"WE ARE spectators in the international trading game," says Republican Senator John Heinz, voicing an almost universal despair in Congress. "We don't seem to have any game plan. We don't seem to have any manager. And sometimes I wonder if we have a team."

Congress, the repository of more than 200 protectionist trade Bills, sees the proposed new round of negotiations under the General Agreement on Tariffs and Trade (Gatt) as almost extraneous. Reform, while undeniably a necessity, is for the future. Action and e cohesive trade policy is needed now, when U.S. industry, like a wounded colossus, is bleeding to a painful death under the assault of cheaper imports.

"Talk of a new round has receded from public discussion up here," says an aide in the House of Representatives. "We assume that a new round is needed, but there is also a concern that the Administration has made no effort to get a consensus on goals."

The essence of the Administration's trade policy has been articulated in endless speeches. It believes in free trade, capitalism and survival of the fittest in the marketplace.

Gatt, to achieve this end, must be strengthened and changed to adapt to the world as it has changed in the past 35 years, say U.S. officials. The Gatt which covered 20 per cent of world trade in 1950 now covers less than 5 per cent, according to the U.S. President's Commission of Industrial Competitiveness; and there is a whole new set of participants.

Only 20 years ago, the organisation consisted mainly of the industrialised countries. Now it includes the newly industrialised and developing nations. Newcomers export twice as much to the U.S. as they did in 1960, and it is estimated that by 1995, they will be engaged in twice as much trade with the U.S. as the present total of U.S.-European trade.

"The Gatt," said the Senate Democratic working group on trade policy, "assumes a world that no longer exists, of fixed exchange rates and countries that do not protect infant industries: e world where Customs duties make a significant difference. That world is gone forever."

Much work must be done, says the Administration: the dispute settlement process must be made to work—and quickly; and rules must be devised or strengthened for high-technology products, services, investment, subsidies, non-tariff barriers and government procurement.

Agricultural export subsidies must be prohibited; protection must be established for intellectual property rights; and moves must be made against counterfeiting.

Dr Clayton Yeutter, the new U.S. trade representative, wants e series of on-going talks in place of periodic negotiations. "I have never been able to comprehend the rationale of negotiating for five years, then essentially twiddling thumbs for five years and negotiating for the next five," he told his Senate confirmation hearings.

Trade has taken on a high profile within the U.S. Administration. The pile of protectionist trade Bills in Congress grows ever higher as the U.S. seeks an internal consensus on the new Gatt round. Nancy Dunne in Washington looks at the problems and conflicts the U.S. will have to overcome before it attains the agreement it is seeking.

In return for reform, says Mr Douglas Newkirk, assistant trade representative for Gatt affairs, the U.S. is willing to put everything on the table. "What we have to gain is more market access. What we have to offer is the remaining market barriers that we have."

The Administration, prodded by a looming $150bn (£107.9bn) a year trade deficit, the need to produce some movement on trade, and Congress, has to have a new round soon.

Short of abandoning its commitment to free trade, the Administration will choose to abandon its preference for the multilateral process and negotiate regional or bilateral free trade pacts. The Association of Southeast Asian Nations (Asean) countries are interested, officials say. The Organisation of Economic Co-operation and Development (OECD) is another possible forum for negotiations.

Ironically, it is Congress, impatient for action on imports, which is pleading for a go-slow approach to Gatt, while the Government works towards o consensus of opinion on U.S. goals. Unlike the Administration, the Senate Democratic working group believes that the international currency market should be on the agenda of the new round.

It also wants o bipartisan presidential trade *commission*, composed of Congressmen, private citizens and Administration officials, to identify the trade objectives of the nation. The President would then submit legislation to establish the objectives in a new round.

In spite of the 300-plus trade bills, the majority in Congress is philosophically against protectionism. Most want "fair trade" and a drive is on to push the use of Section 301 of the Trade Act of 1974. This measure authorises the President to restrict imports or to take any other action within his power to retaliate against those nations which deny U.S. exports "fair and equitable market opportunities."

"My view is that a new round of trade negotiations is interesting, but not a particularly high priority," says Mr John Danforth, a key Republican senator on trade matters. He complains that "our basic approach is to negotiate, send delegations over to other countries, negotiate some more, complain, send more delegations over and nothing happens."

Dr Yeutter has promised Congress he will "take an aggressive course within the Administration." But, he warns, the declining labour-intensive industries must learn to compete because "we can't foist that burden on the back of the American consumer."

There are many good possibilities for the use of Section 301, he says, which would not be the case "were the Gatt dispute-settlement process more *effective, more timely, more* expeditious and more decisive."

Trade has now moved into a high-profile position within the Administration. Officials are hard at work writing o policy paper and the President may devote a speech to it within the month. Whether or not the U.S. achives a new Gatt round next year, the beat is on the trade issue and heading for boiling point.

The previous articles in this series appeared on July 2, 12, 18, 24 and August 1, 8 and 14.

Taiwan offers promises on rising surplus

By Robert King in Taipei

MR ROBERT DOLE, U.S. Senate majority leader, and six U.S. senators left Taiwan after receiving little more than promises from Taiwan leaders that more steps would be taken to reduce a ballooning trade surplus in Taipei's favour.

In a pre-departure statement yesterday, Mr Dole said the U.S. delegation stressed the need for reduction of tariff rates, more protection for intellectual property, and "rational treatment for services such as insurance, banking, motion picture distribution, and leasing."

Mr Dole said the U.S. Government had earlier this month proposed that Taiwan significantly cut import tariffs on 174 items, including such high-value goods as refrigeration and temperature equipment, home appliances, computer terminals and peripherals.

The 174 items represent products which U.S. exporters feel they can sell here if tariffs were lowered.

He also addressed the issue of counterfeiting, noting that while the Government has recently taken steps to cut down on the trade in fake goods, "several additional measures are needed to provide effective protection."

"As good friends, we should now be able to overcome our current differences in the trade area before they become more difficult to resolve," he concluded.

Canada rift hits bid to boost ties with U.S.

By Bernard Simon in Toronto

A RIFT between Ontario and Canada's other provinces is likely to complicate the federal Government's intended efforts to lower trade barriers between Canada and the U.S.

Long-simmering divisions among the provinces have surfaced over the past few days at e meeting of provincial Premiers in St John's, Newfoundland, where the future of U.S.-Canada trade ties has been a key topic of discussion.

Premiers of the Western provinces of Albert and British Columbia yesterday urged Prime Minister Brian Mulroney to start talks with Washington on a comprehensive free-trade agreement, which they see as the only way of ensuring continued access to the U.S. market for raw materials produced in Western Canada, such as beef and forest products.

Ontario, on the other hand, is concerned that trade liberalisation will threaten many of its manufacturing industries by exposing them to open competition from lower-cost U.S. producers.

Opponents of free trade also fear it will lead to a withdrawal of U.S. investment from Canada and eventually to closer cultural and political integration between the two countries.

Quebec, whose economy depends both on manufacturing and natural resources, has taken e neutral stance.

The free trade issue has taken on some urgency in the past year as the threat of U.S. protectionism increases and mid-term Congressional elections draw closer.

British Columbia's Premier, Mr Bill Bennett, argued yesterday, that protectionist sentiment in the U.S. may also damage Ontario's interests by closing markets to the key automobile industry in the province.

Canada and the U.S. are each other's largest trading partners, with the U.S. taking 75.6 per cent of Canada's exports in 1984.

● Dofasco, the Canadian steel company, has bought a licence for a steel-making process from Kloeckner CRA Technologie, a joint venture between Kloeckner-Werke and CRA of Australia, Kloeckner said. Reuter reports.

Mannesmann Demag, a unit of Mannesmann, will re-equip Dofasco's most modern steelworks with the K-OBM/KMS process, allowing it to produce higher grade steels for the U.S. car industry.

THE PROPERTY MARKET BY MICHAEL CASSELL

Viranis move in at Property Trust

LIFE at Property Trust, until recently London and Manchester Securities, might be a little less confusing now that the ubiquitous Virani family have moved into the boardroom clutching a potentially useful chunk of the equity.

It was less than a year ago that Graeme Jackson, who had earlier reversed his USM-listed London and Manchester Securities into Carlton Real Estate, was talking optimistically about plans to grow in 18 months from a £5m company to a £25m operation via a string of ambitious acquisitions. There were, he said, "too many minnows" swimming about in the property pool and he intended to eat some of them up in order to join the big fish.

Within two months, however, it was London and Manchester which found itself on the receiving end of a messy bid from London Securities, formerly Amalgamated Estates. L and M directors, holding 40 per cent of the shares, accepted the offer but the bidder narrowly failed to secure 90 per cent of the equity and earlier this year wound down its stake to 39 per cent.

Jackson departed, Dick Freemantle was put in by London Securities as a caretaker chief executive and London and Manchester became Property Trust.

Since then, Freemantle and his colleagues, including David Pearl and David Bell, have been working hard while a buyer was sought for the bulk of London Securities' remaining interest in the company. The purchaser is Badru Virani, uncle of Belhaven Brewery chief and Control Securites chairman Nazmu. Together with his son Azim, Baddru has paid £760,000 cash for a 10.6 per cent shareholding in Trust and has taken a year's option on another 19.9 per cent, which will cost £2.25m cash if taken up.

Property Trust has a UK investment portfeolio currently valued at around £10.5m, including a £4m package of office properties in Liverpool, Stockton and Crewe acquired from Hampstead Commercial Properties at the time of Jackson's departure. Some U.S. investments were made by Jackson but these are being dismantled.

The UK portfolio also includes a partially developed 55-acre industrial estate in Lancaster, offices in Manchester and industrial property in Redhill. A pre-let office development is nearing completion at Egham, another pre-let office project is underway in Edinburgh and there are sites in Canterbury and Rochester. Last, but not least, there are longstanding plans for a joint development with National Freight at Temple Meads, Bristol.

Coal fund's income up

THE market value of property investments held by the Mineworkers' Pension Scheme rose from £560m to £629m in the year ending September 1984. Of the total, about £410m is represented by property in the UK and Eire, with £6m located in the remainder of Europe and £212m in the United States.

The scheme, which jointly owns most of its property with the NCB Staff Superannuation Scheme through a common fund, says low UK yields have meant a very selective domestic purchasing policy, with £5.3m spent on additions to the portfolio but disposals raising £9.5m. Apart from the joint US acquisition of real estate investment trust Rampac — which cost the Scheme £41m — it also spent another £3.1m on new American property investments.

The Scheme's investment portfolio yielded income of £39.8m in the year ending last September, rising from £30.9m in the previous twelve months. Rents from directly held properties in the U.S. and Europe reached just over £26m and they are estimated to rise to £32m in 1989.

● The Greater London Council has rejected plans by Moss Bros to redevelop its Covent Garden headquarters. Proposals include the building of a new store and offices and the company is to appeal to the Environment Secretary.

Soaring rents for secondary shops

IT IS THE sort of statistical revelation dreaded by companies like Hampton Trust, which has been doing very nicely out of the secondary retail investment market and would rather not have too many competitors.

But along comes Hillier Parker, the agents and surveyors, to spoil everything by pointing out to potential investors that rents on secondary shops, already outpacing those on prime retail properties, are now soaring faster than at any time in the last six years.

Hillier Parker's secondary rent index is designed to measure the performance of property which lies at the border of what institutions would normally buy. It shows that, in the period from 1979 to May 1985, average rents for all prime property rose by 7.2 per cent a year, just over 1 per cent higher than for secondary.

But if prime office and industrial rents have beaten their less fashionable counterparts, the tables are turned when it comes to the retail market, where secondaries have achieved an annual growth rate of just over 10 per cent against 7.5 per cent for top-class investments.

Even more revealing is Hillier Parker's calculation that, during the six-month period up until May, secondary shop rents escalated at an annual rate of no less than 16.4 per cent, compared to under 14 per cent for prime retail. Secondary rents in the south-east, Midlands and the north have continued to grow well ahead of inflation over the last year and a recovery in central London means they increased by over a third in the last 18-month period reviewed.

But despite the excellent performances, the figures imply that rents overall on secondary shops have still only just managed to match inflation since 1979. On the same basis (institutions please note), prime retail rents are not yet back to 1979 levels on an inflation-adjusted basis.

Elsewhere in the market, secondary industrial rents notched up a fairly remarkable, annual growth rate of just under 6 per cent in the six months to May, marginally ahead of secondary offices, where a recovery has been confined to London and the south-east.

The industrial market, however, remains characterised by sharp regional differences in performance. Rents in the Midlands stand at the same levels as in 1980 while in Scotland and the north they are, even ignoring inflation, lower than in 1979. By contrast, the south-east market shows an annual growth rate of nearly 16 per cent over the six months to May.

Habitat Mothercare goes shopping for more floorspace

FRESH FROM its support of Burton in the touch-and-go bid for Debenhams, Habitat Mothercare's own appetite for more trading space appears undiminished by the chance to take up to 20 per cent of available space in Debenhams stores.

In return for backing Ralph Halpern, Habitat Mothercare was given the opportunity of occupying an estimated 900,000 sq ft of trading space in Debenham outlets but the retail group is nevertheless about to launch a search for a total of 1.15m sq ft of new space.

Terry Goddard, a director of Habitat Mothercare, emphasises that Burton has other commitments, to Harris Queensway for example, and that some of the space offered may not be in the right place. As a result, Goddard only expects to find around 450,000 sq ft of the new space required from within Debenhams.

The bulk of the £40m expansion programme will involve an additional 1m sq ft for Habitat, which is currently trading out of 1.8m sq ft. Mothercare is much more mature and, apart from searching for new stores, will be looking to resite others. At the end of the day, there is likely to be a net addition of 150,000 sq ft to the existing 600,000 sq ft of trading floorspace.

Habitat is going out of town. Goddard says that while it has no major High Street portfolio, Mothercare has 220 stores in central shopping areas. "We had to ask, therefore, whether we should be in the van of out-of-town-trading; we judged that town centres would survive, leaving a big question mark over progressive 'planning creep'—whether it may become the fashion for every town to have its out-of-town centre."

Goddard thinks that nothing more than "fashionable thinking" could put real pressure on town and county councils. "It could be more influential than any government edict, or traders' demands, to create that sort of space" he adds.

Habitat has a list of 23 edge-of-town locations where it will be looking for 35,000 to 40,000 sq ft gross and planning to trade out of 25,000 sq ft net. Its town centre list has 22 locations of 10,000 sq ft each, striking a certain balance in the expansion programme.

Goddard reckons that Debenhams' offerings could account for perhaps 250,000 sq ft of Habitat's 1m sq ft requirements, leaving Mothercare and other group interests—not forgetting the reviving Heals group—to soak up the rest.

Habitat's ideal partner, apparently, would be a combined garden centre and DIY operation. Mothercare's line staff favoured food and a number of other support traders.

Habitat's expansion programme involves 10 new stores a year and there is certainly no cash problem, with a historic net cash flow of £62m and gearing currently around the 20 per cent mark.

WILLIAM COCHRANE

NOTICE OF SECOND PARTIAL REDEMPTION

THE KINGDOM OF DENMARK

Issue of US$ 100,000,000 13% Notes due 1992 with 100,000 Warrants to subscribe 12¾% Notes due 1992

Pursuant to paragraph "Redemption and Purchase" of the Terms and Conditions of the Notes, notice is hereby given that as a result of exercise of Warrants, Notes for an additional aggregate principal amount of US$ 19,000,000 will be redeemable on September 24, 1985 at 101 per cent. of their principal amount, together with accrued interest (i.e. US$ 422.50 per denomination of US$ 5,000) from January 31, 1985 to the date of redemption.

The Notes bearing the following serial numbers have been drawn by lot in the presence of a Notary Public and may be presented to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg or to the other Paying Agents named on the Notes:

[illegible]

Notes surrendered for redemption must have coupon due January 31, 1986 and subsequent attached.

Interest will cease to accrue on the above drawn Notes as from September 24, 1985.

Amount remaining outstanding: US$ 72,000,000

Luxembourg, August 23, 1985

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

UK NEWS

Arthur Smith on a car sales predicament

Austin Rover suffers summertime blues

NEW CAR sales in Britain are booming. But as the rush for the August registration plates with a "C" prefix pushes purchases towards the records reached in 1983, Austin Rover, BL's volume cars company, has blown the whistle and shouted foul.

UK CAR MARKET SHARES %

Year	Austin Rover	Ford	General Motors	Total market (million)
1984	17.86	27.83	16.17	1.749
1983	18.01	28.91	14.63	1.791
1982	17.24	30.49	11.69	1.555
1981	18.67	30.94	8.56	1.484
1980	17.66	30.70	8.79	1.513
1979	19.03	28.29	8.21	1.716

The state-owned concern, stung by the headlines over its decision to tell the unions of plans to cut production by 10 per cent to prevent a build-up of stocks, has chosen to focus attention on number plates.

In 1963, in response to a police plea for registration plates that would identify the age of cars required to pass the official test of roadworthiness, the "A" suffix was introduced.

The motor industry, realising the snob value of the new number, which changed each year, successfully pressed the Government in 1967 to switch its introduction from January to August – a month of slow summer sales when manufacturers were anxious to shift old stock.

Austin Rover, whose chairman and chief executive is Mr Harold Musgrove, now argues that no one realised how vulnerable, as the main domestic assembler, it would become to the August "blip," which can account for anything up to 20 per cent of annual UK sales.

Multinationals, such as Ford and General Motors, are able to keep Europe's continental plants busy on right-hand drive models for the UK during the quiet summer months. Austin Rover, to compete, says it must distort production and drive assembly lines harder in the early months of the year to build up stock levels to deal with the August onslaught.

There is substance to the argument, but it is a problem to which, over nearly two decades, the company might have adjusted. The present Government has shown little sympathy: ministers have indicated that manufacturers must arrive at a majority decision about change – an unlikely development in the industry, given the private glee among some competitors at Austin Rover's current complaints.

While the distortion caused by August might be a factor in these complaints, it must be questionable whether it provides a full explanation. Certainly, competitors were surprised Austin Rover should choose to tell the unions about production cuts now, still in the full swing of the August market, rather than holding off until the end of September.

The company has confirmed it is considering a one-week lay-off of its 28,000 manual workers by extending the September holiday into the first week of October. But component suppliers are speculating there could be at least another week's shutdown later in the year.

The present predicament is a direct throwback to the debate that took place earlier in the year in Whitehall and Westminster over BL's corporate plan. Final approval of a strategy submitted last November was not given until June as questions were posed about, among other things, Austin Rover's likely market performance.

Alarm bells were set ringing in the early months of the year when Austin Rover, backed by the full model range it had always argued was necessary for success, failed to make a breakthrough in an admittedly highly competitive UK market.

The company, trade union problems safely behind it, was able to boost productivity and output in the first six months of the year by nearly 60,000 cars to more than 257,000. But sales, in spite of expensive promotions and incentives, increased by less than 2,000 to 177,403 by the end of July.

The peak August market presented yet another challenge. Mr Peter Regnier, the Austin Rover finance director, estimates that manufacturers stockpiled between 600,000 and 750,000 cars in the UK for a one-month market that peaked in 1983 at nearly 375,000. He says cars were stored not merely with dealers and distributors but in compounds and specially rented locations throughout the country.

Austin Rover had no alternative but to pitch in with the rest in offering incentives to move its stock. But in a market where each manufacturer accuses every other of disruptive practices, he insists: "We have not engaged in distress marketing. We are not giving cars away. We are not making losses."

For all Austin Rover's biggest yet advertising expenditure, market share so far in a boom month remains at less than 18 per cent. Austin Rover takes comfort in the fact that, in a market bigger than expected, such a share will contribute towards its volume requirement.

August – traditionally the month of the private buyer – is seen this year by the trade as one where the big discounts have brought more people into the market. In the words of one of the majors, "normally demand has been such in August that incentives have not been necessary. This year pressure of stock has forced everyone to cut prices."

Industry observers suggest that the incentives battle between the "big three" is serving merely to erode margins – that market share, after a surge of new models, has reached something of a balance. General Motors, with its Astra, Cavalier and Carlton models, more than doubled market share to 16 per cent in the four years from 1980.

Ford over the same period has been chipped back to about 26 per cent while Austin Rover continues to hover around 18 per cent.

Such a view is not accepted within Austin Rover, where attention is drawn to the fact that it, alone among the majors, has so far this year been able to increase volume sales.

Mr Regnier maintains: "Basically we are still on course for what we intend to do. We are gaining in volume in a difficult market."

Austin Rover believes that, bit by bit, it can gain market share – "The age of miracles is past."

Company Notices

Correction Notice

In the advertisement published in the Financial Times on 16th August 1985 the following numbers were indistinct:

BLMC LIMITED
(Formerly British Leyland Motor Corporation Limited)

NOTICE OF PARTIAL REDEMPTION
French Francs 100,000,000 7½ per cent Bonds 1987

NOTICE IS HEREBY GIVEN pursuant to the terms and conditions of the above mentioned Bonds that French Francs 4,940,000 principal amount of the Bonds has been drawn by lot for redemption on September 30, 1985 at a price equal to 100 per cent of their principal amount. The following is a list of the bonds to be redeemed:

(French Francs 5,000 bonds to be redeemed)

743	1002	3329	3334	3404	3791	3858	8339	4382	5020
5106	5129	5411	5473	8637	6775	6783	7111	7389	7486
7520	8032	10095	10105	10405	12960	12973	13047	13048	13056
13940	14037	14047	17723	17825	17955	17988	18013	18133	18192
18200	18249	18435	18444	19030	19083	19565	19567	19573	19692
19731	19851	19857							

All such Bonds will be payable on September 30, 1985 at any of the following paying agents:

CREDIT LYONNAIS, LUXEMBOURG
CREDIT LYONNAIS, LONDON
CREDIT LYONNAIS, PARIS
BANCO DI ROMA, ROME
BANQUE NATIONALE DE PARIS, PARIS
BANQUE BRUXELLES LAMBERT, BRUXELLES
COMMERZBANK AG, FRANKFURT/MAIN
SOCIETE GENERALE, PARIS

BLMC Ltd has agreed to purchase pursuant to condition 4 (D) of the Bonds the remaining French Francs 6,060,000 principal amount of Bonds required redemption on September 30, 1985. The outstanding principal amount after September 30, 1985 will be French Francs 26,000,000.

All interest on the Bonds so called for redemption shall cease to accrue from September 30, 1985 and the attached coupons maturing after September 30, 1985 shall be void.

The Principal Paying Agent
CREDIT LYONNAIS LUXEMBOURG

Dated August 16, 1985.

Bank of Tokyo (Curaçao) Holding N.V.
(Incorporated with limited liability in the Netherlands Antilles)

£30,000,000
GUARANTEED FLOATING RATE NOTES DUE 1990

Unconditionally Guaranteed by

The Bank of Tokyo, Ltd.
(Incorporated with limited liability in Japan)

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 21st August, 1985 to 21st November, 1985 has been fixed at 11⅝ per cent. per annum. Coupons No.8 will therefore be payable on 21st November, 1985 at £1,465 · 07 per coupon from Notes of £50,000 nominal and £146 · 51 per coupon from Notes of £5,000 nominal.

S.G. WARBURG & CO. LTD.
Agent Bank

THE "SHELL" TRANSPORT AND TRADING COMPANY, plc

Notice is hereby given that a balance of the Register will be struck on Tuesday, 3rd September, 1985 for the preparation of the half-yearly dividend payable on the FIRST PREFERENCE SHARES for the six months ending 30th September, 1985. The dividend will be paid on 1st October, 1985.

For Transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, Sussex, not later than 3.00 pm on Tuesday, 3rd September, 1985.

By Order of the Board
D. W. CHESTERMAN
Company Secretary

Shell Centre
London SE1 7NA
23rd August, 1985

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDRs) IN COMMON STOCK OF HITACHI LIMITED

We are pleased to confirm that copies of the Annual Report as at March 31st, 1985, of Hitachi Ltd. and Consolidated Subsidiaries are now available to BDR Holders upon application to the following conversion agents:

Citibank Branches in:
Amsterdam, Frankfurt
Brussels, Milan
Paris

and at:
Banque Internationale à Luxembourg S.A., Luxembourg, CSSI Office.

CITIBANK, N.A.,
London Depositary.

August 23, 1985

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of Ordinary and Preference Stocks will be closed for one day only on 9th September, 1985 for the preparation of the Dividend Warrants payable on 1st October, 1985.

Dated this 23rd day of August, 1985.

W. A. COSGROVE
Secretary

Blackwell House,
Aldenham Road,
Watford,
Hertfordshire.
WD2 2EY.

Legal Notices

IN THE MATTER OF
LADY YOUNG FASHIONS LIMITED
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 12th day of November 1985 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned SURJIT KUMAR SINGLA, F.C.A. of Singla & Co, Chartered Accountants, of New Broad Street House, 35 New Broad Street, London EC2M 1NH the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of August, 1985.

S. K. SINGLA, F.C.A.
Liquidator

IN THE MATTER OF
ESSEXGATE LIMITED
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 12th day of November 1985 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned SURJIT KUMAR SINGLA, F.C.A. of Singla & Co, Chartered Accountants, of New Broad Street House, 35 New Broad Street, London EC2M 1NH the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of August, 1985.

S. K. SINGLA, F.C.A.
Liquidator

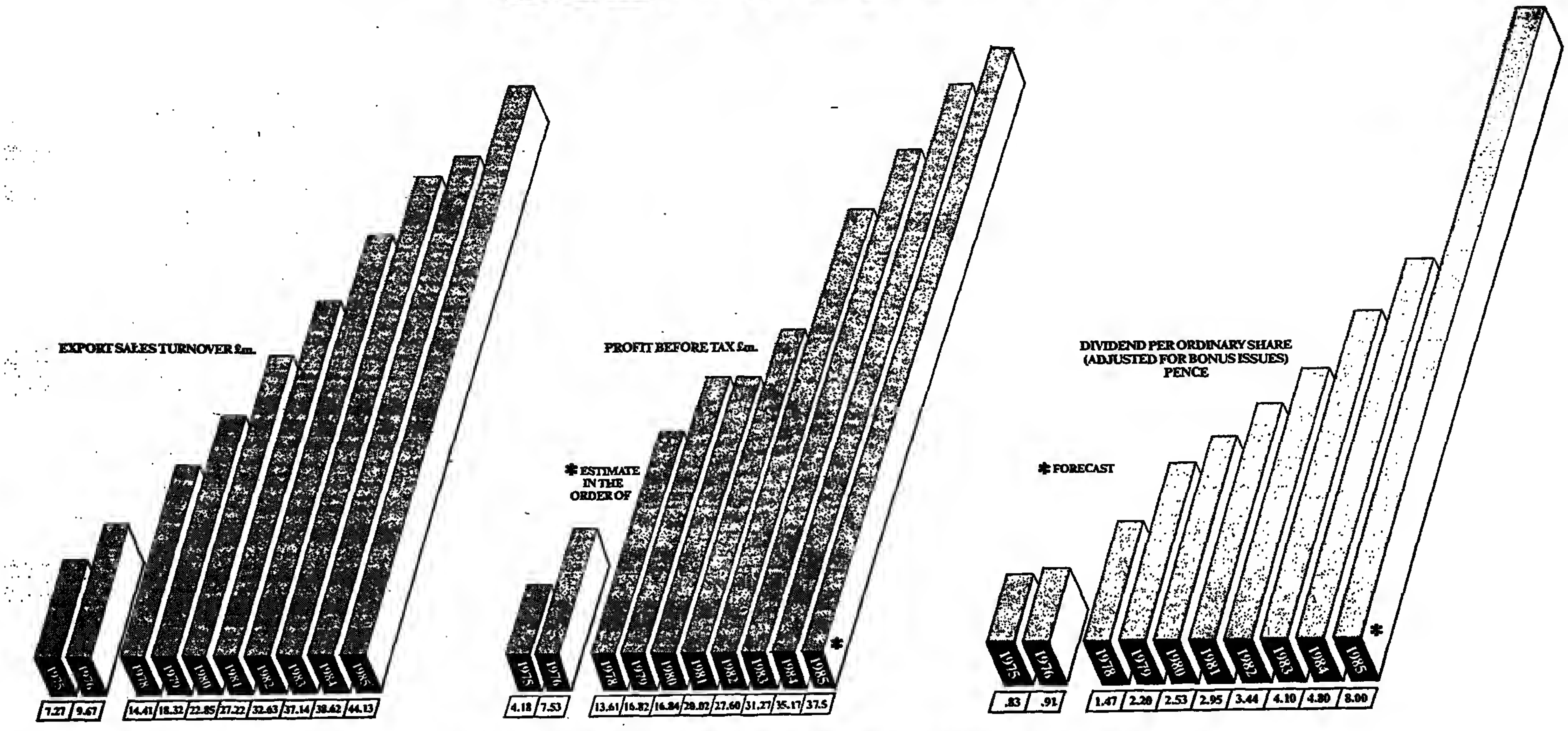
IN THE MATTER OF
OMNI STORES (SOUTH EAST) LIMITED
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 12th day of November 1985 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned SURJIT KUMAR SINGLA, F.C.A. of Singla & Co, Chartered Accountants, of New Broad Street House, 35 New Broad Street, London EC2M 1NH the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of August, 1985.

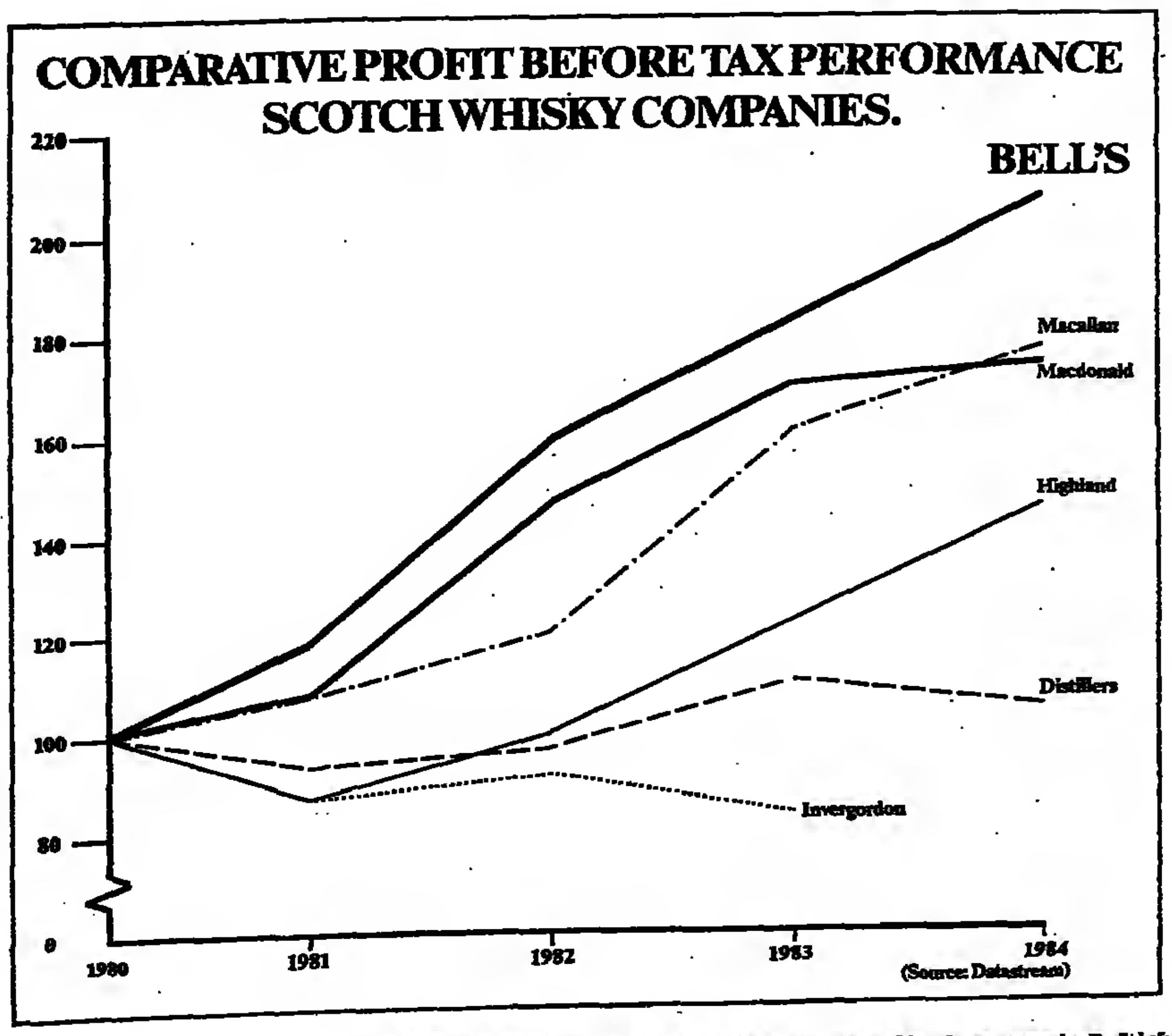
S. K. SINGLA, F.C.A.
Liquidator

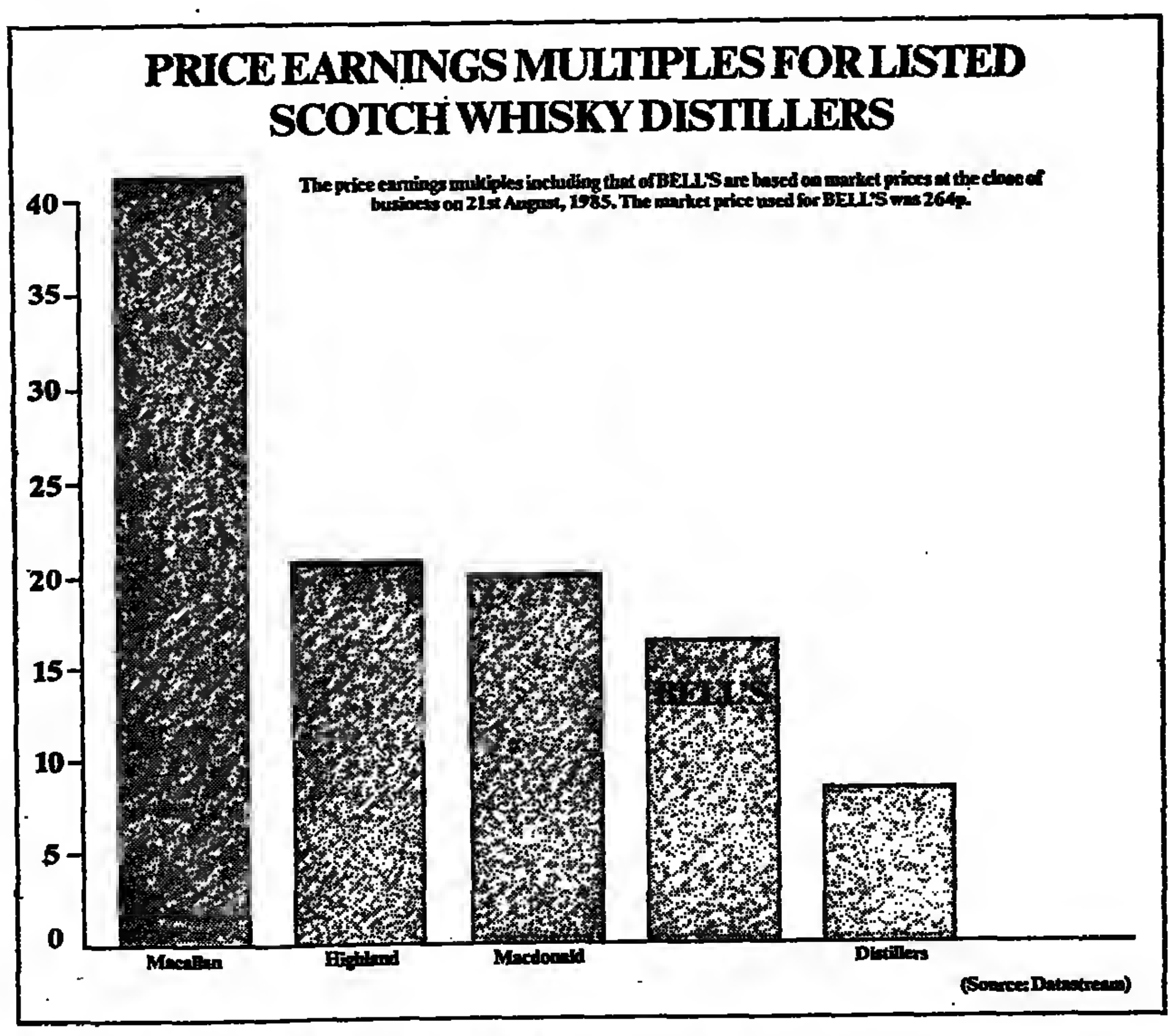
BELL'S GROWTH CONTINUES IN THE EIGHTIES



NOTE: Years 1975 and 1976 are the twelve month periods to 31st December. Years 1978 onwards are the twelve months period to 30th June.

DOES THE GUINNESS BID REPRESENT ADEQUATE VALUE FOR THIS SUCCESSFUL SCOTCH WHISKY COMPANY?





Figures used by Datastream are drawn from the published accounts of the relevant companies. Profit before tax used in the graph for each calendar year are taken as being those for the financial year ending in that calendar year restated on the basis that figures for 1980 are 100. Price earnings multiples have been calculated by Datastream using the weighted average number of shares in issue and the profit before tax in the latest published accounts and applying the full tax rate applicable to the relevant year. Information on Invergordon for 1984 is not available on the Datastream database and accordingly its price earnings multiple is not included in the above table.

WE BELIEVE THE ANSWER IS NO REJECT THE GUINNESS BID.

This advertisement is published by Arthur Bell & Sons plc whose directors (other than Mr. P.R. Tyrie) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

UK NEWS

Metropolitan Life starts expansion into Europe

BY ERIC SHORT

METROPOLITAN Life Insurance Company of New York, one of the world's largest insurance and financial services companies with assets of $88bn, is expanding its operations into the UK life market by acquiring Albany Life Assurance Company from its present owners American General Corporation. Terms of the agreement have not been disclosed. Metropolitan hopes to complete the transaction by early next month.

Lloyd's life, another UK life company, with assets of £300m, was bought recently by Royal Insurance for £94m ($132m). Albany Life, founded in 1975, has assets approaching £400m and a similar standing in the market to Lloyd's Life.

Metropolitan's chief area of activity outside the U.S. has been in Canada, where it is already a leader in the financial services market. However, it is at present taking steps to expand its Canadian involvement.

Mr John Creedon, president and chief executive of Metropolitan, revealed that the company had been considering expansion of its activities outside North America and decided that the UK was the ideal starting place. He said "We have great confidence in the future of financial service to the UK."

Metropolitan examined a number of possible acquisitions in the UK and decided that Albany Life was the ideal vehicle to spearhead Metropolitan's operations into the UK and into Europe. Albany Life now operates almost entirely in the unit-linked life and pensions field, marketing both through independent intermediaries and its own direct sales force.

● A steering committee representing over 300 members of tha Lloyd's insurance market who have been hit by £130m of losses are planning an extensive campaign of legal action.

Mr Keith Whitten, a member of the steering committee which is seeking to protect the interests of 1,525 underwriting members who have been hit by the losses, said yesterday that a draft statement of claim was in preparation and a writ could be issued in late September or early October against a number of parties.

Mr Whitten's committee is seeking to raise £3m among the members, whose affairs were managed by Richard Beckett Underwriting Agencies, once known as PCW, to fight the legal action. In addition to the £130m of insurance losses which the members face it has been alleged by Minet Holdings that former executives of PCW misappropriated £40m from underwriting members funds.

The committee would be taking action against Lloyd's itself in connection with the affair and a number of other third parties who had been used by the former executives to channel money from the syndicates into which the members were grouped, Mr Whitten added.

Publication of Mirror suspended

By Helen Hague

MR ROBERT MAXWELL, publisher of Mirror Group newspapers, last night suspended publication of the London editions of the group's newspapers.

This followed what be described as "anarchical" action by members of the NGA print union. Mr Maxwell told unions that "if they were not prepared to be guided by tha rudder, they will be taught by the rocks."

The crisis at the Mirror Group results from Mr Maxwell's desire to move the Sporting Life out of the Mirror Group's publishing complex at Holborn,

Odhams Newspapers, a wholly-owned Mirror subsidiary which runs the Sporting Life and the Sporting Life Weekender has signed a contract to have Sporting Lifa typset at Bermondsey, east London, from October.

It will be the first time a national newspaper has moved out of central London.

On Wednesday night, the NGA at the Mirror Group held a disruptive meeting as evidence of its anxiety and apprehension about the planned move.

It was this event that led to Mr Maxwell's warnings. He told a meeting of union and management representatives last night that if the NGA took action "it will be the first and last time they do it."

Unless they gave an undertaking never to hold a disruptive meeting again and agreed to the Sporting Life move "they will have dismissed themselves with the loss of all rights," he said.

Howe arranges finance meeting for Eureka

BY DAVID MARSH IN PARIS

BRITAIN is to host a meeting of European financial experts early next month to discuss channelling private sector funds to the Eureka technology support scheme.

The meeting, which will bring together representatives of banks and financial institutions from 17 countries, aims to come up with ideas on raising cash to back co-operation by European companies in fields lika electronics, transport systems and robotics.

Sir Geoffrey Howe, the UK Foreign Secretary, has put forward the idea to put "flesh on the bones" of Eureka, according to one UK official connected with the project. The meeting has been approved by both France and West Germany – up to now two leading sponsors of Eureka.

Britain had initial reservations about the Eureka initiative when it was suggested by France in April. Sir Geoffrey has proposed the September meeting both to underline that the UK is now firmly interested in the scheme and to try to guide it along the market-oriented lines favoured by the British Government.

Eureka has been put forward partly as a counterweight to the U.S. Strategic Defence Initiative (SDI), which many governments fear could boost the U.S.'s high-technology expertise and draw away research talent from Europe.

Eureka was given political support from 17 European countries at a ministerial meeting in Paris last month. But details of projects to be backed under the scheme are still highly sketchy. Only France has firmly committed itself to coming up with cash support, in tha form of FFr 1bn from next year's research budget.

Britain's aim in convening the meeting is to attract industrialists' interest in Eureka by showing that private-sector cash is available. This would be a counterweight to the "pot of gold" offered to companies by the SDI programme, one official said.

Rail guards set to vote

BY OUR LABOUR STAFF

BRITISH RAIL yesterday claimed a "significant breakthrough" in the driver-only dispute when 15 striking guards at Immingham, Humberside, returned to work on the day they were due to be dismissed.

However, 32 other Immingham guards threatened with dismissal voted to stay on strike. Letters terminating their employment were sent out by BR and should be received today as 11,000 guards vote in the National Union of Railwaymen's ballot on national industrial action.

The eve of the ballot also brought further disruption of rail services, notably on the Western Region, and more warnings of BR of what it says would be the dire consequences of a "yes" vote in the ballot.

Fast work by St Regis team in sealing £32m buyout

BY TONY JACKSON

HAROLD HAZELL, chairman of St Regis International, is a relieved man. At lunchtime yesterday he signed his name to a £32m deal under which he and 34 of his colleagues take control of St Regis, the UK's sixth biggest paper company. It is one of the biggest management buyouts seen in Britain.

The purchase of St Regis from its U.S. owners Champion International has taken about four months to finalise. By the end, says Hazell, it was "like being in the hands of the interrogators – you'll confess to anything."

Mr Hazell and his colleagues began to toy with the idea of a buyout last summer, when St Regis of the U.S. – owner of the UK business – was bought by Champion. The $1.8bn purchase left Champion with balance sheet gearing of 52 per cent, and it was not hard to guess that a programme of disposals might be in the offing.

In April of this year, Champion decided in principle that it would get rid of most of its overseas possessions. By May 8, Mr Hazell and his advisers, Manchester Exchange Trust, had negotiated a 90-day option to come up with a net purchase price of £30.6m.

This seems fast work, but the buyout team had been working on it for months. "We were waiting for Champion to make up their minds to sell," says Mr Hazell. "There was no point in pushing them, and it was a useful period for study."

That study had convinced the team that gearing in the buyout must be kept to a minimum. The initial target was to keep equity participation at 100 per cent. In the event, £8m of the £32m total – 25 per cent – was provided by bank finance.

This, it is plain, was largely at the insistence of the City of London institutions who were putting up the equity. "Of course it would have been nice to get 100 per cent," said Mr Ronnie McMaster of Manchester Exchange Trust. "But the institutions took the view that because their shareholding wouldn't be marketable for a while, they wanted some bank participation to gear up the return on their equity."

Of the £24m equity, £12.1m was put up by a syndicate of six institutions – Investors in Industry (3i), the Prudential, the Coal Board Pension Fund, Electra, and the Murray Growth and Murray Venture Trusts.

With that band of heavyweights giving the initial commitment, a further 16 institutions were drummed up for the balance. "Apart from anything else," Mr McMaster said, "the syndicate members did a lot of work looking into St Regis as a business, which assured the others that the figures had been crawled all over."

Mr Hazell and his team – fellow directors Edward Baker, Ray Pittar and Sandy Stratton, plus 31 factory and senior line managers – put up only £300,000, or just over 1 per cent of the equity. When the company comes to the stock market – probably by the end of next year – that figure should rise to round 15 per cent, however.

"The amount we get," Mr Hazell says, "is determined by profits in the year in which we're floated. The basic is 15 per cent, on a plus or minus scale depending on the outcome. And if we don't come to the market by May 1987, our stake falls by 10 per cent" – i.e. by 1.5 per cent of the total equity – "and so on in every following year."

Last year, St Regis made pre-tax profits of £6.5m on sales of £141m. This year, the directors forecast a profits rise of 11 per cent, to £7.2m.

Police status 'harmed in strike'

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

THE GOVERNMENT is blamed for damaging the standing of the police during the year-long miners' strike which ended in March, and for indirectly causing much of the violence of the dispute.

A policy paper on crime and policing to be presented to the Social Democratic Party (SDP) conference in Torquay next month says the failure of the National Coal Board (NCB) and the British Steel Corporation (BSC) to invoke the civil law on secondary picketing put the police in an "intolerable" position.

"The evidence is clear that the Government itself put pressure on the NCB and BSC not to bring any action," it continues. "The Government must therefore accept its share of responsibility for the dreadful acts that occurred.

"The damage to the concept of policing in Britain and to police relations with the public was unnecesary, and the Government, alongside the extremist leaders of the National Union of Mineworkers, must bear the blame."

The paper firmly supports the use by the police of the National Reporting Centre during the strike, saying it alone averted a total breakdown in law and order, which might otherwise have led to the introduction of troops. However, it opposes the introduction of a national police force.

The paper proposes the creation of a crime-prevention service, in which all local authorities would be required to set up special units to monitor and advise on all decisions which might affect the level of local crime. These would include design and management of public housing, design of public facilities, education and escort and transport services for potential victims.

A new police authority for London is recommended. This would have responsibility similar to those in other major cities.

Invisible earnings boost surplus

BRITAIN'S SURPLUS on the current account of the balance of payments was £900m last year, about a third more than was previously estimated, according to the latest official estimate published yesterday, Max Wilkinson writes.

The Central Statistical Office's "Pink Book" on the balance of payments shows that improvement results from a higher estimate of the surplus earned on invisible trade.

The surplus on invisible trade, which includes banking and insurance services, reached £5bn last year, a rise of 25 per cent compared with the figure for 1983 and twice that for 1982. Invisible earnings have been boosted by the build-up of overseas assets in recent years, on which increasing interest and dividends are now being earned.

The net earnings of the City of London rose to £6.1bn in 1984 compared with £5.3bn in 1983, a rise of 15 per cent. The biggest increase was in the earnings of UK banking institutions. The current account surplus was depressed last year by the need for extra oil imports during the miners' strike.

The balance on visible trade swung into a £4.1bn deficit last year compared with a deficit of only £840m in 1983 and a surplus of £2.3bn in 1982.

In recent years there has been a steady deterioration in the balance of non-oil goods, partly because of a steady build-up in imports of manufactured goods. The pink book shows, however, that last year the volume of exports of non-oil goods rose by 8 per cent compared with the average level in the previous two years. This no doubt reflected the weakening of sterling during the year, and the improvement in world trade.

The volume of all exports, including oil was 8 per cent higher last year than in 1983. Imports also rose with "the volume of non-oil imports 10 per cent higher than in 1983 and the total volume of imports nearly 11 per cent higher.

Outflow of investment and other capital last year was £3.3bn compared with £4.9bn in 1983, while portfolio investment overseas rose to £7.6bn compared with £4.5bn in 1983. At the end of 1984, the UK's net external assets rose to £73.5bn, compared with £58.2bn and £12.4bn at the end of 1979.

This rise in overseas assets partly reflects the cumulative surplus on the current account since the North Sea oil began to flow. The surplus in the five years to 1984 was £18.4bn.

□ UNION LEADERS representing 15,000 manual workers at Vauxhall, the General Motors subsidiary, were offered a 9 per cent pay increase over two years during five hours of negotiations with the company.

The company has rejected a seven-point package by the unions which are seeking a substantial rise as well as a reduction of the working week from 39 to 35 hours, tha elimation of the lowest grade, increased relief break-time, improved wage security and a clothing allowance for workers employed in dirty conditions.

Vauxhall is believed to be looking towards a similar deal achieved by Nissan at its new factory in north-east England where it has achieved a two-year agreement with the engineering union AUEW.

□ LATEST official estimates for the first quarter of this year suggest that overseas visitors spent £833m in the UK, a rise of 32 per cent over the same period of 1984. This was an increase of 22 per cent in real terms.

The rise in the number of visitors was 8 per cent, which indicates a substantial per capita increase in spending.

Spending by Britons abroad at £842m was up by 22 per cent which, adjusted for inflation and exchange levels, was an increase of 2 per cent in real terms. This was about the same rise as that in the numbers going overseas.

□ THE TRADE SURPLUS of the UK drug industry jumped by 30 per cent in the first six months of this year to £432m. Exports were at a record £730m – up 24 per cent – while imports rose by only 16 per cent to £298m.

Export growth was particularly strong to the U.S. and Japan, the world's two largest drug markets. Total exports to the U.S. were £87m in the six months, while the figure net of imports was 45 per cent ahead at £29.7m. The net surplus to Japan was up 32 per cent to £22.4m.

□ ATTEMPTS were made to avert a strike threatened from Tuesday by 5,500 bank staff in Northern Ireland over pay and opening hours.

The Irish Bank Officals Association, which called the strike, and the managements of the province's four clearing banks agreed to separate meetings with conciliation officers of the Labour Relations Agency, Northern Irland's arbitration service.

As the talks went on, there was an unprecedented run on cash from the banks which would be affected by a strike – Bank of Ireland, Allied Irish, Northern and Ulster. Millions of pounds have been withdrawn by customers. The main beneficiaries have been the building societies.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
23	24	25	26	27	28	29

Exhibitions

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *joie de vivre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1-2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov.

Aachen, Suermondt-Ludwig-Museum, Wilhelmstr. 18: 100 drawings, watercolours and plastics from Joseph Beuys, covering the fifties and sixties. Ends Sept 29.

Essen, Villa Huegel, Auf dem Huegel: Turkish culture and art from the Osman Empire. 500 works ranging from the 15th-19th centuries. The show includes glass, carpets, ceramics, miniatures and weapons. Ends Oct 10.

Köln, Kunsthalle, Josef-Haubrich-Hof 1: The Fiancee Beloved, Sold, Exchanged, Stolen. The exhibition describes the role of women in different cultures and shows various marriage ceremonies. It also displays 2,000 paintings, photographs and costumes from various countries through the ages. Ends Oct 10.

BRUSSELS

Opera costumes from 1959 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Florence: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: one of the few left who can afford Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

Rome: Lalazzo Venezia (Piazza Venezia 3): Paesaggio Con Nigura – 57 works from the Borghese collection. The Villa Borghese, which houses one of the best patrician art collections in Rome, is likely to be closed for repairs for at least another year and some of the gems from the collection have been transferred to this site for the summer. Includes works by Titian, Veronese, Domenichino, Caravaggio and Dosso Dossi. Ends Sept 30.

NETHERLANDS

Amsterdam Rijksmuseum Printroom Continuing its centennial celebrations, the museum has put together a revealing exhibition of 60 of its finest Rembrandt drawings supplemented by a further 60 by anonymous Rembrandt pupils and followers to illustrate the extent of the master's influence. Ends Sept 29.

Amsterdam, Film Museum (Vondel Park 3). French cinema month. This week films by De Broca, Chenal (Clochemerle), Esway, Carné and Clair. (Mon to Thur, all matinée). (831646).

Haarlem, Vishal. 100 of Jacques-Henri Lartigue's timeless photographs of moneyed France between the wars. Ends Sept 13.

SPAIN

Santander, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Asia Society: Japanese art of the supernatural, featuring ghosts and demons that turn themselves into humorous creatures to harass guilty and innocent, are illustrated in prints screens, small sculptures, paintings and netsukes from the 17th to 19th centuries. Ends Sept 1.

WASHINGTON

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

TOKYO

Masterpieces from Idemitsu Art Gallery: From one of Tokyo's finest private museums belonging to Sazo Idemitsu, the best from an outstanding collection of Oriental ceramics, crafts and paintings. Idemitsu Art Museum, 9th floor of Kokusai Bld, Hibiya. With magnificient views overlooking Tokyo's tranquil central (moat and green around Imperial Palace) plus Japanese tea-room. Ends Sept 1, closed Mondays.

Contemporary Western Art: Small standing collection of Hara private museum (Shinagawa) includes works by Dubuffet, Jasper Johns, Lichtenstein, Jackson Pollock, Vasarely, Warhol. The museum is a modern house, with a large shady garden and facilities for tea on the lawn. It is an ideal antidote to Tokyo's concrete and heat. Ends Sept 23.

Rubens: The first large-scale exhibition of Rubens in Japan. 80 masterpieces of oils and prints, plus works of collaboration with his pupils. Takashimaya Department Store, Nihonbashi. Ends Sept 17. Closed Wed.

Music

NEW YORK

New York Philharmonic: The 21st season of free outdoor concerts in public parks include fireworks for Zubin Mehta conducting Beethoven, Bizet, Tchaikovsky and Puccini (Tue in Prospect Park, Wed in Van Cortlandt Park and Wed in Seaside Park, Bridgeport).

Tanglewood: Boston Symphony. Conductors, Seiji Ozawa and John Williams: Tchaikovsky (Tue); Hakan Hagegard, baritone recital with pianist, Warren Jones; Schumann, Grieg, Sibelius, Stenhammer, Brahms (Thur). Lenox, Mass (413 637 1600).

TOKYO

The Salt Lake Mormon Tabernacle Choir: Fumonkan (Mon): Shinjuku Bunka Center (Tue). (403 8011).

Kiri te Kanawa: Handel, Mozart, R. Strauss, Gounod, Showa Women's College, Hitomi Memorial Hall. (Tue). (293 1951; 237 9990).

Teiko Maehashi (violin): Beethoven, Debussy, Saint-Saens. Yubin Chokin Hall (Wed). (213 8591).

Roland Dangarell, violin with Mariko Horie, piano; Yuko Mori, violin. Frank, Ravel, Prokofiev. Komaba Eminense. (Thur). (265 6361).

LONDON

London Sinfonietta conducted by Simon Rattle with Ronald Brautigam, piano. Gershwin, Copland, Ives and Bernstein. Royal Albert Hall (Mon). (589 8212).

John Williams, guitar: Bach, Ponce, Villa Lobos and others. Queen Elizabeth Hall (Mon). (928 3191).

BBC Symphony Orchestra and Singers conducted by David Atherton. Stravinsky, Gerhard, and Bartok. Royal Albert Hall (Tue).

Royal Philharmonic Orchestra conducted by Uri Segal with Vladimir Ashkenazy, piano. Rossini, Beethoven and Rachmaninov. Barbican Hall (Tue). (638 8891).

Royal Liverpool Philharmonic Orchestra conducted by Marek Janowski with the Michael Thompson Horn Quartet. Wagner, Schumann, and Janacek. Royal Albert Hall (Wed).

Andrei Gavrilov, piano: Programme includes Bach and Scriabin. Queen Elizabeth Hall (Thur).

BBC Symphony Orchestra conducted by Sir Charles Groves with Jessye Norman, soprano. Wagner, Faure, Chausson and Brahms. Royal Albert Hall (Thur).

NETHERLANDS

Amsterdam, Nieuwe Kerk (Dam Square). Organ recital by Bernard Winsemius. De Grigny, Franck, Guilmant. (Thur).

Scheveningen, Circus Theatre. The Bank Muzifest 1985. Kenneth Montgomery conducting the Radio Chamber Orchestra, with vocalists Elly Ameling, Hilda Harris, Hans Peter Blochwitz, Ruud van der Meer, and Han de Vries, oboe. Mass in G (Wed). St John Passion (Thur). (55 88 00).

Maastricht, various churches. The Euro-Festival of Religious Music. Pratica Musica (Mon), Gesualdo Consort (Tue), Camerata Amsterdam (Wed), The Amsterdam Baroque Orchestra conducted by Ton Koopman (Thur). Lunchtime concerts by Capilla Flamenca (Mon), Rondom Quartet (Tue), Limburg Vocal Ensemble (Wed), the Aachen Junge Chor (Thur). (29 22 22).

SPAIN

Santander, Plaza Porticada, Paris Orchestra conducted by Daniel Barenboim: Beethoven and Ravel (Mon); Debussy, Boulez, Stravinsky (Tue). (21 05 08).

PARIS

La Grande Ecurie et la Chambre du Roy conducted by Jaap Schroeder, Alain Zaepffel, counter-tenor, Yannick le Gaillard, harpsichord: Bach, Händel, J.C. Bach (Mon 6.30pm). Saint Severin Church.

Duo Picavet, Two pianos: One hour of variations (Tue 6.30pm). Sorbonne, Amphitheatre Richelieu.

Concert of the International Harpsichord Contest finals with La Grande Ecurie et la Chambre du Roy (Thur 8.30pm). Radio France, Grand Auditorium.

All these concerts are part of the 20th Festival Estival de Paris (354 8496; 562 4080, 11am-7pm, Sundays excepted).

Theatre

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earthbound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia. Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss restored for theatrical performance after 40 years. Bill Bryden's NT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (379 3055).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler.

(254 3670).

NOH THEATRE IN TOKYO

Japan's oldest theatre form is of Buddhist origin. Actors wear masks and elaborate costumes. It is accompanied by music and dance. Noh is ritual, somewhat static theatre and resembles classical Greek – gods offstage or prior action, and chorus chanting.

Paul Claudel's: "In drama something happens, in Noh someone arrives," says it all. The "someone" is usually a wandering soul, often in several manifestations. Much of the play is taken up with waiting and preparing for his or her arrival. Noh mixes time and space – the visitation may even be in dream.

A typical performance has several plays and dances. Light relief is provided by more down-to-earth, faster comic interludes (kyogen). Noh's slow pace – an antidote for the frenzy of Tokyo – can be trying. Know your capacity. Take your cue from the Japanese: doze or leave at will.

There are five major Noh theatres in Tokyo. The new National Theatre provides English programmes. Performances, usually at weekends, are announced in the English press. In August and September, temples often have outdoor evening performances. O'Neill's mini "Guide to Noh" is a good investment. Noh is very powerful – when you know something about it.

Marie Myerscough

Opera and Ballet

SPAIN

Santander, Plaza Porticada. New York City Ballet, starring Sean Avery, Merrill Ashley, Lourdes Lopez, Judith Fugate, Melinda Roy, Peter Frame and Kipling Houston, in a homage to Balanchine, choreography by Peter Martins (Wed, Thur). (21 05 08).

NEW YORK

New York City Opera (NY State): The week features André Serban's new production of Norma, conducted by Richard Bonynge with Olivia Stapp in the title role and Robert Grayson as Pollione. Other performances include Manon, conducted by José Serebrier, in Tito Capobianco's production last seen in 1980, as well as Turandot and Carmen. Lincoln Center (870 5580).

CHICAGO

Ravinia Festival (Murray Theatre): The Hubbard Street Dance Company, a local favourite, perform a week of mixed programmes from their varied repertoire as part of a special Festival of American Dance. Highland Park (728 4642).

TOKYO

Shakti (Classical Indian dancer): The Raven, a piece combining classical Indian dance and creative dance. Shakti enjoys a high reputation in Asia. Yubin Chokin Hall (near Tokyo Prince Hotel). (Thur). (400 0509).

Ballet Salon 1985: Ballet pieces by Asami Maki Ballet. Tokyo's largest ballet school. Chuo Kaikan. Near Ginza and major hotels. (Tue). (400 9411).

THE ARTS

Cinema/Nigel Andrews

Stings in a haybed of slumber

Edinburgh Film Festival
Perfect directed by James Bridges
Sexmission directed by Juliusz Machulski

The Edinburgh Film Festival is a lonely island of movie-mania lashed on all sides by plays, pageants, tattoos, concerts, operas and the rest of the Scottish gallimaufry. Edinburgh in August is a hard act for a shoestring-funded film festival to appear in the midst of. And though director Jim Hickey assembled a worthy programme this year, there are increasing signs of strain, not just financial but imaginative. Special events and tributes are less enterprising than they could be and should be, and there is too much mediocre festival filler (films like *Wundkanal*, *Farewell To The Ark* and Chris Marker's feeble Kurosawa documentary *A.K.*) in the cracks between the good films.

The advantage of a festival where expectations are modest, though, is that the pleasant surprises hit you with a smarter smack. There were even a few in the Far East event, much of which was devoted to cures for insomnia. Who could sit light-lidded through Shunichi Nagasakai's *Betrayed By Momoe Yamaguchi* from Japan, a set of improvisations on old Hollywood movies shot in Super-8 of near-impenetrable gloom? Or through the much-touted *Yellow Earth* from China; a "breakthrough" film (says the programme brochure) from the People's Republic that seemed to me to feature much the same naive flag-waving and Maoist miaowing, leavened by a couple of imposing landscapes, as we've been used to in pre-breakthrough movies.

But just when you were subsiding into a haybed of slumber, you were stung by two needles. Edward Yang's superb *Taipei Story* from Taiwan is an urban tragedy of love and anomie shot as if by Antonioni in the *trompe l'oeil* world of city traffic, skyscraper glass and office labyrinths. The metropolis is today's Minoan maze, suggests the film, and its Minotaur is man himself, devouring faith and love.

And Japan's *Blind Alley*, director by Go Riju, is a "documentary" that flapjacks five minutes from the end and reveals itself to be a fiction film. A young documentary-maker (Riju himself), seeking a random subject, insinuates himself into the life of a young truck driver (Koji Sano): with results alternatively hair-raising and funny as the irresistible cine-sleuth meets the immovable laconic subject and decides to bully the truth from him when it won't come out uncoaxed. Shot in wobbliest video, the film seems an unadorned and prickly slice of cine-verité until it turns round and proves that even the most convincing "fact" can prove the purest fiction.

Jamie Lee Curtis in "Perfect"

Ian Pott's *Stranger Than Fiction*, from the British Film Institute Production Board, also explores the no-man's-land between the real and the suppositional in a documentary about the work done by Mass Observation in the 1930s and 40s. MO was a team of investigators set up by private initiative to conduct opinion surveys in Britain on everything from sex to the state of the nation to World War 2. Scribbling notes, eavesdropping on conversations, they compiled vast dossiers on the British soul, most of them published. Ere long, however, the government started to request or requisition MO's expertise and there — suggests the film — the rot set in and impartial inquiry became a tool for political propaganda.

The movie darts about its subject wittily and vividly and is the best BFI film in years. *My Beautiful Launderette*, written by Hanif Kureishi and directed by Stephen Frears, is one of the best Channel 4 films in years. The British soul is alive and well in this marvellous allegoric yarn about two youths—a Pakistani (Gordon Warnecke) and a white Punk (Daniel Day Lewis)—who form an unlikely alliance to buy and vamp up a London launderette. This bizarre merger is also sexual and becomes a rallying cry for integration thrown out to the surrounding character groups: the rich Pakistanis bugging their traditions and business empires, the zero-IQ skinheads bashing any non-white bonce that moves. Funny and humane, real and surreal, this is a British winner.

Memorabilia at Edinburgh also included Derek Jarman's *The Dream Machine* (blazing, beautiful and inchoate), Ken Russell's kinky and crackling *Crimes of Passion* (opening next month), Susan Seidelman's high-speed shaggy dog story *Desperately Seeking Susan* (ditto) and Wayne Wang's sweet and sour Chinatown comedy *Dim Sum*. In addition Edinburgh had three special guests descending from the Mount Olympus of showbiz to harangue us mortals: Ed Asner (President of the American Screen Actors Guild), writer-director Paul Schrader (*Taxi Driver*, *Mishima*) and Mr Russell himself, a terrible infant now turned mellowish and 48.

The Edinburgh Film Festival is a terrible infant now turned mellowish and 38. A little less mellow and a little more daring unpredictability in its programming, and Edinburgh could still be the best value for shoestring funding on the whole festival circuit.

*

Back in London we have *Perfect*, probably the silliest film of the summer. John Travolta, those liquid Latin eyes set in the face of a heart-throb Jerry Lewis, prowls through the health clubs of LA, an intrepid reporter for *Rolling Stone*. (He's based on the real RS writer, who wrote the screenplay, Aaron Latham). En route he meets sexy aerobics instructor Jamie Lee Curtis, who teaches Californians how to perform pelvic thrusts in front of the drooling eye of the camera.

Travolta soon discovers that his intended piece on the health craze as representing a return to the self-reliance ideals and physical-spiritual Utopianism of Emersonian America (zzzz . . .) is gradually turning into an exposé of health clubs as the new "singles bars": places for easy pick-ups amid aphrodisiac athleticism. This sounds much more interesting but is quashed by Miss Curtis, who when not teaching aerobics could take classes in priggishness. However, her quashing is then quashed by Travolta's editor Matthew Reed) who knows a hot cover story when he finds one and goes for the sex angle.

I would like to see this film with Jerry Lewis. It could call itself *The Nutty Newshound* or *The Wacky Work-Out* and throw its dreary ethical posturings out of the window. As a story of journalism, it has as much freshness and insight as an off-form *Lou Grant* episode, and Travolta purrs through it all with a sleek and generalised charm as if having no particular idea what film he is in.

Thank goodness there is Miss Curtis with her pelvic thrusts, her priggishness (it grows on you) and her peekaboo hair. And there is Gordon Willis's photography, which cooly peels off one ace composition after another — all coolly abstract verticals and gorgeously shaded pastels — while the story totters into oblivion.

*

Better to volunteer for *Sex mission*. We are in a Sci-Fi allegory in 21st century Poland, where the last two men on Earth (something has gone wrong with male genes after a holocaust) combat a world of sexy feminists clad in transparent plastic. Juliusz Machulski directs with mischievous gusto and fable-fanciers of all ages must go.

Harrell and Firkusny/Elizabeth Hall

Dominic Gill

It is rare (or as Peter Pitt, chairman of the GLC's Arts and Recreation Committee—characteristically hedging his bets—would say, "nearly unique") to find an artistic director providing his own festival's foyer music — but there was John Williams, before Lynn Harrell's cello recital on Wednesday night, quietly playing his guitar among the wine glasses and coffee cups.

Harrell is one of the most reliably genial musicians of our time. Everything he plays, even the darkest and most impassioned music, is suffused with a golden glow of geniality. That is not a criticism, merely an observation: for in that genial character lie his greatest strengths and the predictability of its generous embrace is hardly ever a weakness.

His accounts of Stravinsky's *Suite Italienne* (from *Pulcinella*), Chopin's much-neglected cello sonata, Beethoven's D major, and Ginastera's little *Pampeana* were all bright with energy, unfailingly robust and beautiful of tone, radiant with technical ease. There was barely a note one would wish to have heard differently voiced, differently placed—even if the very lack of shadow in the sound, of any kind of shadow cast by the interpretations, meant that some of the performances did not strike quite as deep as they might. The slow movement of the Beethoven sonata was exquisite, rapt, unfolded with marvellous concentration: it left behind it not an all-pervading Beethovenian resonance, but a summery glow. Harrell's pianist was Rudolf Firkusny: a real partner, masterly in his careful pacing, eloquent in his division of forces, everywhere in his intentions firm and sure.

Exports stop on art

The Minister for the Arts, Lord Gowrie, has refused export licences on five works of art. A painting by Caravaggio "Boy bitten by a lizard," valued at between £500,000 and £2m, is subject to a six-month delay while a British institution attempts to raise the matching price. A glass goblet by Beilby, priced at £82,462, is stopped for four months.

The other objects—a gilt tankard by John Bridges, a German cross-bow of 1742 by Haenisch, and a painting of the Vision of the Blessed Clare of Rimini by the Master of the Blessed Clare (late 13th century)—are held back for three months.

Photography exhibition/Rome

William Weaver

Interior of a barber's shop by amateur photographer Alfredo De Giorgio

Until a few years ago "Roman summer" was a synonym for inactivity. Except for the notorious *Aidas* at the Baths of Caracalla and a few lacklustre concerts, cultural life in the capital came to a standstill. But, in the course of the past few seasons, all that has changed; now you can hardly walk down a Roman street without being invited to attend a performance of Japanese dance, or to cheer a rock concert, or play in a bridge tournament (one of these occupied Piazza Navona just the other night). And in the Press of all these highly-publicised events, some apparently minor, low-key, but worthy and fascinating enterprises may pass unnoticed.

Like the delightful exhibit devoted to the amateur photographer Alfredo De Giorgio, active in Rome in the first decades of this century. A musician by profession, De Giorgio belonged to that distinguished line of amateurs — the Primoli brothers at the head — who documented Roman life during a particularly vivid time.

By the turn of the century, when De Giorgio settled in the capital, much of the new Roma was built: the Stazione Termini, Piazza Esedra, Piazza Vittorio (all portrayed in the photographs chosen, from the 6,000 surviving plates, for this intelligent show). The Victor Emanuel Monument was not quite finished, and De Giorgio was in time to photograph it still encased in scaffolding; then, when it was finally completed, De Giorgio was on hand to record the solemn inauguration.

He recorded other grand occasions: the great Exposition of 1911, the preparations of the new zoo. But his real interest was in daily life, and some of his best pictures are of interiors: cafés, a pharmacy, a barber's shop. As a musician (he was a leading voice teacher), De Giorgio naturally followed operatic life; his photographs include portraits of artists like the great tenor De Lucia (his brother-in-law) and Mascagni (photographed in his cluttered studio, in 1913); there are pictures of concerts and opera productions, among them the 1917 premiere of Stravinsky's *Feu d'artifice*, whose only performer was the scenery by the Futurist Giacomo Balla (suitable name for a ballet designer).

For the present, Alfredo De Giorgio's surviving plates, his archive, are in private hands. It is to be hoped that they will be acquired by the government, then properly catalogued and housed, perhaps in the Library of Modern and Contemporary History, which has arranged this exhibition in a room of their handsome headquarters, the Palazzo Antici Mattei.

Simon at Midnight/Young Vic

Michael Coveney

"I was born, I aspired, I went bankrupt," says the reminiscent hero of Bernard Kops's new play, inventing a family motto. Simon is an East End Jewish garment manufacturer who has been destroyed, he claims, by Mrs Thatcher and who is left with a few mannequins, hallucinations, cobwebs and memories as he drinks his way through the small hours.

As the latest contribution to the ongoing identity crisis of the British Jewish community, the play promises much and indeed rattles a few bones to good effect. What it signally lacks, in John Sichel's production for a new company emanating from the admirable Spiro Institute for the Study of Jewish History and Culture, is any theatrical dynamic, resonant characterisation or acting better than passable.

Simon's parents materialise from beyond the grave and then start dying all over again: old Harry (Richard Klee) sits at the piano summoning the ghosts of Roy Fox and Geraldo, the the music of Cole Porter and Arthur Schwartz ("Dancing in the Dark," the theme song, is almost a better title for the play) while his wife Sarah (Mary Mitchell) transports her son back to the Battle of Cable Street and Stepney childhood: "Home is where the heartache is;" "Home is where we hang our hats."

Such typical Kopsian lines (others include definitions of the telephone as "diaspora umbilica" and of sighing as "the Esperanto of the Jewish world") litter a text that is full of interesting impulse and significant intention but short on incident and excitement. Harry rises from the dead to conduct his own funeral; Sarah is killed off by moving from the East End to West Hampstead at the family's behest ("For this we stormed the Winter Palace—Swiss Cottage!") and jumps out of her coffin to execute a Charleston.

Simon, whom Gordon Sterne plays as an indecisive, befuddled victim of commerce and history without ever rising to the sort of heroic stature Kops might have been after, is saved, the play appears to suggest, by the love of a good daughter. On the other hand, his son turns up as the camel hair-coated liquidator. This latter disguise is confusing, especially after the reasonably effective one in the first act of Simon's brother as Oswald Mosley in a black shirt, linking Cable Street fascism to patronising parlour compliments on the children's Hebraic features.

Ben, Simon's brother, is the Brighton good-time boy saddled with one of the worst entry lines in recent stage history. ("Nothing beats a good crap.") He is, nonetheless, a convincing example of the English Jew who has come to terms with his present by cutting out the past.

Klee and Music/Oslo

Juliet Cashford

An unusual exhibition on *Klee and Music* is being held until September 15 at the Henie-Onstad Art Centre at Hvikodden, just outside Oslo—a beautifully located museum overlooking a fiord. The exhibition has been designed by the director, Ole Henrik Moe, who has lived with the musical quality in Klee's work since seeing his memorial exhibition in Basle in 1950.

Paul Klee (1879-1940) began his professional life as a musician. For him, music was the only aesthetic form which attempted to organise the data of the universe and so was the logical intermediary between the creative mind and the phenomenal world it tried to comprehend. For Klee, Mozart stood as the supreme artist, and he dreamed of an equally monumental visual art of the future which could realise the kind of synthesis achieved by Mozart.

He first proposed the idea of "musical painting" as a way of defining how painting could be less like sculpture and more like music by reinterpreting and expanding the role of colour. This idea came alive for him in the decade between 1915 and 1925 when he came to see how "absolute painting"—painting of pure colour composition—might attain something of the condition of music.

For those who find a composition of pure colour somewhat daunting a musical analogy can be helpful. It invites us to suspend the search for a narrative point from which to begin to engage with the painting and allows instead a more receptive absorption of the patterns and movement of the work as a whole.

However, such a musical allusion is not one of simple comparison or reference. Klee shared Goethe's belief that "colour and sound do not admit of being directly compared . . . but both are referable to a universal formula, both are derivable, although each for itself, from this higher law." Hence the analogy with music can also direct attention to the formal rigour of many of his paintings—for example, *The Twittering Machine*, *Ad Parnassum*, *New Harmony* and *Other Sound*—in which we can experience the colour as highly abstract yet filled with movement.

The exhibition is structured in five stages, rather like a journey into the interior. It starts with the direct world of the eye, where people, objects and situations are seen from the outside, and moves gradually towards an inner world where everything is felt as associations with sound, harmony, rhythms, tones. The first stage, "Literary-Illustrative," consists mostly of drawings of musicians, musical instruments, singers and opera characters. The second stage, "Score Pictures," shows paintings which have a certain "likeness" with musical notation, mostly from Klee's Bauhaus period in the middle of the 1920s. In the third stage — "Polyphony" — the outer world has been left behind; nothing of reality can be recognised but the characteristic musical structures can be visualised. We can discern, for instance, the difference between linear and plane polyphony.

Polyphony, in musical language, is the denomination for several individual voices developing together. Klee uses the denomination several times in his Bauhaus lectures and visualises it by lines running together and across each other. Already in a diary entry of 1917 he was writing that "polyphonic painting is superior to music in that, here, the time element becomes a spatial element. The notion of simultaneity stands out even more richly."

The fourth stage, "Composition," shows his "fugal" paintings where formal elements are juxtaposed in contrast to each other, or displaced in relation to each other, or else the rhythm is created in the lines. These pictures are abstract, architectural and classical, embodying Klee's conviction that it was classical music and classical principles of composition which were the valid ones. It was his intention, as he pointed out on several occasions, "to bring visual art to the stage that music had reached at the end of the 18th century."

The fifth and last stage is "Sound," and here we address the question of whether we can understand Klee's art more richly by engaging in a kind of "listening." The term "harmony" has lost in colloquial speech the musical notation it had for Plato as an image of the fine tuning of the soul, but can we nonetheless talk of "colour-harmony" as "colour-sound" or "sound-colour?" As the catalogue says: "It is a domain one enters with a certain anxiety."

Klee has given titles to several of his paintings which have sound or harmony connotations, most of all his typical square and ribbon paintings, where colours are placed together in rectangular planes and "sound" together, not in layers, like the polyphonic paintings, but in equally poised juxtapositions. Sound, or harmony, originates in these paintings in the play between nuances, the intensity of the colours or their volume, their density, the size of the planes. "Sometimes," the catalogue suggests, "the sound may be perceived as a parallel to musical modulation. Some paintings are distinctly in a major mood, others in minor. Some of the ribbon paintings suggest very distinctly a differentiation of "tone values" by a division by halves of the ribbons. In this way a movement-or-rhythm-pattern is introduced."

Music by Mozart and some electronic pieces from contemporary composers accompany the exhibition.

Julia Margaret Cameron Photographs

The exhibition of photographs by Julia Margaret Cameron, reviewed on this page yesterday, is on show at the Victoria and Albert Museum until October 6.

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Get-together in home loans

TWO proposed giant building-society margers, the Leicester with the Alliance and the Nationwide with the Woolwich, are now waiting their shareholders' verdict; and in any other industry this rush to conglomeration would provoke political debate and references to the Monopolies Commission. On this occasion, however, there is a satisfied silence from on high, and shareholders will be left to puzzle out what difference it can possibly make to them if their fixed casb claims are now sbared with more people over a wider spread of loans. Statistically, it is likely to mean a shorter walk to the nearest branch, with the hope in the future of quicker installation of such modern aids to spending as casb dispensers and computerised central accounting.

Nothing to lose

Shareholders, then, seem to have something to gain and nothing to lose from this process, and provisionally we would conclude that much the same goes for the national economy; but like the shareholders, we will bave to wait for the benefits. The movement as s whole has been in danger, like the dinosaur, of outgrowing its place in the financial ecosystem and hogging too much of the green stuff. Human institutions, bowever, unlike giant reptiles, can be improved by brain transplants; and since that could be the result of the current mergers, they deserve a welcome. We will see bow quickly these giants can learn to diversify their diet.

The vast growth of the building societies, which are now collectively substantially bigger than the clearing banks in the retail market, has been due to their ability to flourish in a protected game reserve rather than to any power to compete in a jungle, Given until recently privileged sccess to an almost insatiable market for credit, they have concentrated very effectively on attracting depositors—or rather, in this mutual world, shareholders.

It is high time, for the good of the economy, that this vast financial bulk should be exercised in a wider market. The endless inflation of house prices has tended to divert savers' attention away from the ectual processes of wealth creations, and has now driven prices in the most propsperous regions to e level which actually prevents people from less happy places from moving to the available jobs. It is a gross distortion for which the societies themselves are in no way to blame, since they have until now only been allowed to do their own thing; that is perhaps why they have always been so reluctant to admit that their own activities have any influeoce on the market they dominate.

The new legislation governing building societies will give some freedom to diversify, notably into consumer leoding and into a larger-scale participation in the finance of actual construction, which will tend to reduce the distorting effects of their lending activities. At the same time their growing money-transfer services demand greate, liquidity, for which they are tapping the wbolesale markets.

Both these developments will be easier for a giant society to encompass than a medium-sized one, and there will also be economies available—but probably not eagerly exploited—in pruning the lusb growth of brancbes which is the outward sign of the movement's buge size. These modest benefits are eertainly worth going for.

Amiable confusion

The big prize, bowever, will be harder to win: for the expertise the societies can deploy is at present limited by their background experience. Real diversification will mean some aggressive recruitment, which is likely to unsettle some established managers wbo have lived by a simple rule of the bigger the balance sheet, the bigger the desk, Indeed, we are not clear that the mutual structure, with its amiable confusion of public service and big-business motivation, provides the right environment for rapid evolution.

When the first of the giants decides to exercise the big untried option in the new legislation, and turn itself into an ordinary company, we will really believe that times are changing.

Syria stays back from the fire

THE FIGHTING in the Lebanon over the past 10 days has been the most intense since February 1984 when the Shi'ite and Druze militias wrested control of predominantly-Moslem West Beirut from the Christian-dominated army. That effectively ended any pretence on the part of President Amin Gemayel of actually presiding over the war-torn, fragmented country as a bead of state with any authority transcending confessional differences.

The question now is whether this latest outburst of violence will finally usher in e new order reflecting a balance of power completely different from the one which existed at Lebanon's move to independence in 1943 and which formed thc basis for the country's existing, if totally dcfunct, political order.

Syria's strategy is the key to this question and to the eeemingly haphazard violcoce in Beirut. All the Lebanese parties including, if grudgingly, the Phalange Party, the predominant Maronite political group, and the Christian Lebanese Forces militia now recognise Damascus as the final arbiter of the country's destiny. Given Syria's clear determination to ensure a Lebanon subservient to its wishes, and its military presence over the greater part of the country'e territory, it seems most probablc that Damascus ie orchestrating this latest bloody act in the tragedy.

Political system

Just over a fortnight ago the "National Unity Front," sympathetic to Syria's aims and clearly bearing President Hafez al Assad's etamp of approval, was formally established at a meeting beld in Chtoura. The gathering, beld under Syrian protection, suggested that the Damascus regime was no longer satisfied with a policy of divide-and-rule aimed at weakening the Lebanon and exhausting the combatants and might at last be moving decisively to impose its will.

The new front is essentially a Moslem alliance dominated by the mainstream Shi'ite Amal movement and the Druze Progressive Socialist Party with a bandful of small left-wing or Marxist parties under its wing. Maronite and other Christian participation at the inaugural conference was negligible. Also notably absent from the meeting were any senior leaders of the Sunni Moslem community.

Lebanon's archaic political system was basically a deal between the Maronites and Sunnis under which higher public offices and representation in the legislature were apportioned according to a six-to-five ratio with the presidency, the army command, the bead of the judiciary and the governorship of the central bank assigned to the Maronite sect.

The front's nine-point charter called for the abolition of this confessional share out and its replacement with one based on universal suffrage and qualification. The manifesto emphasised Lebanon's "distinctive relationship with Syria" and the Arab nature of Lebanon. It also called for a restructured army to be given a "combat creed against the Zionist enemy."

Reconciliation

Mr Walid Jumblatt, the Druze leoder, called for the presidency to be rotated amongst the aix lcading sects and the term of office to be only three years — a principle which, if adopted, would mean an end to Mr Gemayel's term next month.

Mr Jumblatt is one leader who would be less than happy wilb a system of universal suffrage based on actual population. But that is clearly what Mr Nabih Berri, the Shi'ite leader, has in mind because his sect is undoubtedly now the single largest one, accounting for about 30 per cent of the population.

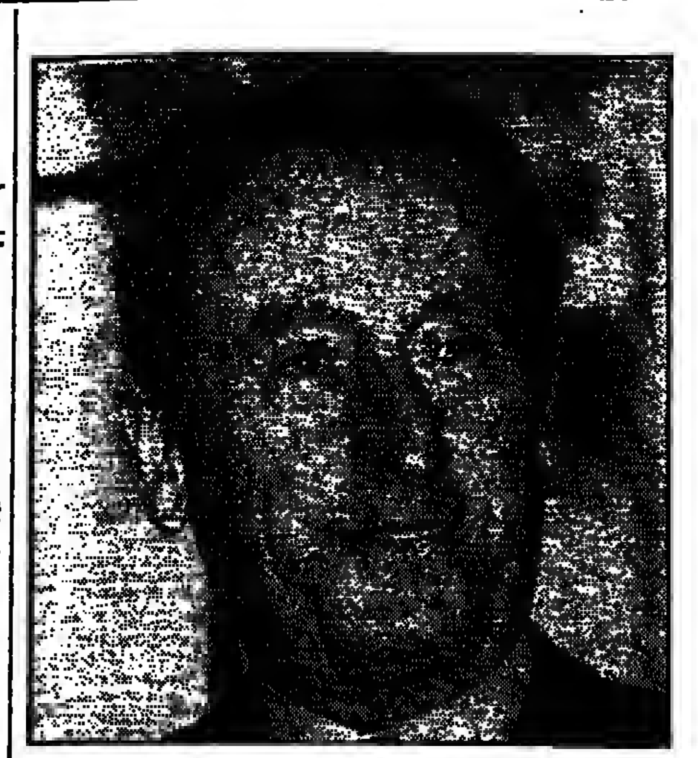
Hopes that the recooiliation between Mr Elie Hobeika, the leader of the Christian Lebanese forces, and Mr Suleiman Franjieh, the pro-Syrian former head of state, might lead to the opening of a dialogue between Maronite leaders and thc new froot, were soon dashed. Not even Mr Franjieb is prepared to contemplate a Maronite surrender of the right to the presidency.

With little prospect of immediately breaking this deadlock the Syrian regime probably reckons that another pummelling from the left-wing Moslem militias will make the Maronites more amenable to concessions. Damascus is clearly prepared to go on playing this petient and ruthless game in imposing its will on Lebanon, leaving its Lebanese allies to do the dirty work, and avoiding direct military involvement. The prospect is e borrible one for it is very difficult to see how the Maronites can come to terms with the kind of Lebanon envisaged by Mr Assad and his regime.

The bid for SCM

Hanson: bigger yet and bigger

By Duncan Campbell-Smith



Lord Hanson ● ● Sir Gordon White

THOSE two men from Yorkshire are on the road again — or more precisely, the take-over trail which bas led them over 30 years from the low ground of private venture partnerships all the way up to the highest levels of the corporate scene on both sides of the Atlantic.

Lord Hanson and Sir Gordon White, as they have now become, were sitting together on Wednesday in New York when the next take-over bid by their Hanson Trust conglomerate was announced. The target is SCM Corporation of the U.S. They are offering $60 cash per share, which values SCM at $745m — the biggest deal yet, even in Hanson's acquisition-strewn history.

The group is only 21 years old this year. But its market capitalisation now stands at £2.46bn—still trailing the oil majors, and GEC and ICI by e fair distance, but not much short of other market leaders like Glaxo and Marks and Spencer.

Hanson Trust's executives, wary as ever of infringing SEC regulations in the U.S., can be expected to say very little about the SCM bid which will not be included in the formal tender offer which must be out within a few days. But if SCM's management wanted a little advice about the Hanson style, there is no shortage of dispossessed company director who could no doubt oblige.

Berec in batteries (acquired 1982), UDS in UK retailing (1983), Londoo Brick (1984) and U.S. Industries (also 1984) are all businesses which have sttracted Hanson in the recent past through their reliance on basie product markets.

They have also offered the opportunity for Hanson to reap the rewards of extensive restructuring completed prior to the date of the bid. And in many cases, incongruous or unprofitsble subsidiaries have looked obvious candidates for subsequent disposal—offering Hanson the chance to reduce its net purchase price, should all go well, or at least cushion the financial impact of any nasty surprises following a successful bid.

Thus, Berec (oow Ever Ready) lost most of its overseas manufacturing capacity, UDS was parted from three of its best known retailing names including John Collier and Richard Shops and U.S. Industries bas seen several small divisions sold off in recent months.

SCM looks as though it fits into the classic mould, even though some of its industrial interests are new to Hanson and have some features—notably a pronounced cyclicality—which the group bas usually tried to avoid in the past. But food and paint products ought to look et bome in the existing Hanson low tech catalogue. SCM'e loss-making typewriter business, meanwhile, has already been pruned severely and could be dne for a bracing future.

Mr Martin Taylor, a director of Hanson Trust and its public voice in the UK for some years now, explains almost nonchalantly that the campaign for SCM "would bave arisen as a consequence of the culling which our people are always going through." Always looking for targets, that is to say, quite often taking small equity stakes — and just occasionally plunging forward for the kill.

The culling process happens in two effectively antonomous headquarters offices, one in London's Brompton Road, the other in Iselin, New Jersey. Lord Hanson presides over the former, White over the latter.

White has built up the group's North American operations around seven divisions. Their day-to-day management is controlled by David Clarke, who arrived with White's first U.S. acquisition, a fishing business, bought for $30m in 1973. But the chief responsibility for reviewing take-over possibilities in the U.S. lies with Chris Gunter, a 31-year-old who joined from Amax, the mining group, three years ago.

As it happens, says Guntner, SCM was one of the first names bc came up with after arriving at Iselin. But White moved to buy U.S. Industries in July, 1984—Hanson Trust's biggest acquisition to date, worth $520m—and SCM bad to wait.

Not very long, as it turned ont. Work on the bid began early in the year. Its timing owed much to the market: SCM'e share price moved from $46 at the start of July to $55 on Tuesday. Lord Hanson arrived in New York at the beginning of the week — en route for his second home in Palm Springs, which he flew to yesterday—and a decisive meeting followed shortly afterwards. Guntner was in his office by 4 am (local time) yesterday to man the phones.

"We asked to see the chairman a few hours before our announcement, bnt he wasn't there," said White yesterday. "So we sent him a letter and we're still waiting for the reply."

There was no waiting for the banks' reaction to the bid. Hanson Trust'e "shopfront" office in New York's Park Avenne bas already recelved financing proposals from 25 banks. (White says the plan is to borrow dollars, leaving the group's £519m rights issue proceeds in the bank in sterling.)

It would be surprising if the wSCM bid did not provoke renewed questioning of Hanson's strategy et a more general level. The control of more and more businesses as a kind of management portfolio is not without its critics, among both City professionals and boardroom directors. But Hanson executives are used to that and will lose no sleep over it so long as the group's earnings per share go marching ever higher.

RESTRUCTURED SCM 'WILL NOT GIVE UP WITHOUT A FIGHT'

HANSON TRUST is not the first to cast its eye over SCM Corporation, which used to be a Wall Street glamour stock during the 1960s, but has more recently been tagged as a second rate conglomerate with some first rate parts.

Five years ago several corporate predators inclnding Royal Little, the founder of Textron, and Willard Rockwell, the former chairman of Rockwell International, were trying to win control of SCM on the basis that it was "worth more dead than alive." After long and costly legal battles, SCM retained its independence, but SCM's 62-year-old chairman, Paul Elicker, does not hide his disgust at the tactics of the Wall Street "players" who make money by cleverly trading bits of paper back and forth in the frenzy of takeover battles.

"This contribntes nothing to America'e growth or to our economic strength as a nation," be told security analysts last year but conceded that "deterring the energetic pursuit of such gains is probably like trying to make water run uphill." This time, Mr Elicker, a Harvard Business School graduate who joined SCM nearly 30 years ago after five years at McKinsey & Co, the management consultants, is facing a corporate predator whose record as an industrial manager is hard to fault.

Wall Street's initial reaction yesterday was that SCM was not going to give np without a fight. "This is a very different company than it was five years ago," says Mike Lloyd of Woolcott Research, wbo estimates that it will earn $64m or $6.10 per share, this year. "It has a lot of very valuable assets outside of its core chemicals and coatings businesses which could be spun off," says Mr Lloyd.

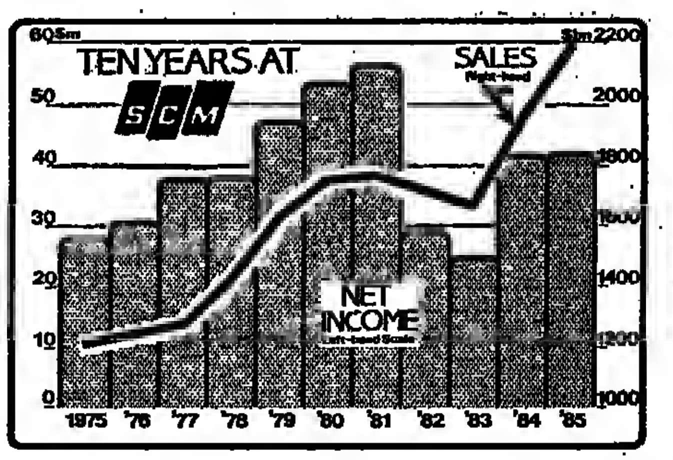
The New York-based SCM Corporation is fairly typical of "smokestack America." It has more than 70 plants around the world which turn out everything from titanium dioxide, which is important in the paint business, to pulp and paper and food, But to the layman, SCM is probably best known for its Smith-Corona typewriters and this has proved to be the company's Achilles beel. The company has never lived up to its early promise of the 1960s wben its shares were selling on a sky-high multiple.

For years Smith-Corona, the last surviving maker of portable typewriters in the U.S., bas been fighting a losing battle. As its former rivals like Royal, Remington and Underwood have pulled out of the business, Smith-Corona has doggedly tried to match the Japanese imports by moving much of its production to Singapore, and counter the electronic threat from companies like IBM, by introducing its own electric typewriters.

SCM's typewriter operations have been losing money for years. Earlier this year SCM announced that it was cutting its typewriter workforce by a third, cutting its investment in the business by half and narrowing its product range to concentrate on popularly priced portable electronic models in the $225 to $275 price range. Its 1985 earnings of $41.7m were hit by a $35m charge to cover the restructuring of this side of its business which now constitutes less than 10 per cent of the company's $1.2bn in assets.

At the time of the last proxy battles against SCM, Willard Rockwell and others described the company's performance under Mr Elicker, who has been in charge since 1972, as "mediocre at best."

Since then SCM's performance has been miserable. Earnings have dropped from a peak of $56.5m in 1981, or $5.80 per share, to $24.5m in 1983, and have marked time over the last couple of years although the 1985 figures were depressed by the Smith-Corona charges.



But while the financial performance of SCM does not look sparkling, Wall Street analysts say that the company has undergone major changes aince the last proxy battles.

Aside from finally wielding the axe at the group's traditional typewriter operations, Mr Elicker has been investing heavily in the group's specialty chemicals and coatings business which now constitute SCM's core businesses. They accounted for over half its $2.2bn in sales: four-fifths of its operating profits.

Titanium dioxide, a white pigment used in the manufacture of paint, paper and plastics, is the biggest product of SCM's chemicals operations and the group has been expanding rapidly in this area. Its $110m acquisition of Laporte's titanium dioxide operations last year boosted its annual capacity from 190,000 tons to 300,000 tons with the result that SCM is now the world's third biggest producer

SCM's glidden coatings business is its largest and consistently most profitable operation. It is the third biggest producer in the $8.5bn a year U.S. paints business and has traditionally outperformed the competition.

Aside from taking a more aggressive approach to restructuring its operations, SCM's senior management team, which bad been running the company for more than a decade, has been extensively reshuffled over the past couple of years and considerable power has been delegated to Mr D. George Harris, aged 52, the former president of Rhone Poulenc's U.S. operations who joined the company in 1981, and has been responsible for developing the group's specialty chemicals operations. Last month Mr Harris, who spent 14 years at Merck before moving to Rhone Poulenc, was made president of SCM and is the natural successor to Paul Elicker.

Wall Street analysts generally agree with Smith Barney's James Wilbur who says that SCM's "financial future appears much brighter due to changes that have been made or which are now under way."

William Hall in New York

Withering on the vine

French wine-growers are always inclined to emotiou et this time of year as attention turns to the Spanish and Italian grape barvests. They will now be weeping in the vineyards at the latest news that 2m French wine-bibbers have forsaken their tipplc over the last five years.

According to the latest survey from INRA, the national sgrooomical research institute, only 69 per cent of Frencb people over 14 now say they drink wine, compared with 75 per cent in 1980.

"Occasional" imbibers have grown from 39 per cent to 45 per cent of the population. Only one in three drinks wine regularly.

The desertion of the bottle is part of a long-term trend. Frenchmen are increasingly turning from table wines towards finer quality drink at one end of the scale and "Chateau La Pompe," or plain tap watcr, at the other.

The move away from plonk has been accelerating in recent years for both bealth and social reasons. And it spells a hang-over not only for vineyards ontside the Grand Cru areas but also for Nicolas, the main table wine distributor, which has come under increasing control of the cognac company, Remy Martin, after big losses in recent years.

"Guinness or Bell's? Guinness or Bell's?—who'd be a stockbroker?"

Men and Matters

Borrie's crusade

This week's Monopolies and Mergers Commission report giving clearance for United Newspapers, publisher of the Yorkshire Post and Punch among other titles, to make a bid for Fleet Holdings which owns Express Newspapers, contains brave words about investigative journalism, editorial freedom, and freedom of expression.

The Monopolies Commission was told that "Fleet's national newspapers had a certain tone and philosopby. They were crusading newspapers and supporters of thc democratic free enterprise system."

Note the use of the word "national." I learn from thc Office of Fair Trading about certain dealings down at local level in Enfield, Middlesex. Two local papers—the Enfield Independent and the Enfield Advertiser—have been refusing to carry estate agents' advertisements if they contain details of the commission rates charged to clients.

As Sir Gordon Borrie, the director-general of fair trading, said "The practice of suppressing price information which would be helpful to consumers is one which I dislike in principlc and wish to discourage." Apparently he was successful in "discouraging" the two papers, and both have agreed to stop suppressing price information in adverts.

The Enfield Advertiser is published by Morgan-Grampian. And that firm is owned by the crusading, free enterprise-loving, Fleet Holdings.

Peter Wilkinson, managing director of Morgan-Grampian Local Newspapers, explains, "We only acquired this paper last January and it was already pursuing the policy of not publishing commission rates. It is not company policy and we instantly agreed to stop the practice wben we were approached by the OFT. Our discussions were very friendly."

Borrie has decided not to carry out a formal investigation of the two Enfield papers, as he could do under the Competition Act.

Gas bags

AN unexpected spin-off from the difficult rescue operation to deliver food to the African famine areas is renewed interest in airships.

New Scientist reports Mike Macray, operations manager in western Sudan for a distribution agency, as saying "Airships make enormous sense." The current system of chartering Hercules aircraft is, be says, "just throwing money at the problem." It is costing $1,000 a tonne for the food airlifts. A big airship of the type now on the drawing boards of at least three companies could offload 10-tonne cargoes without even mooring.

The idea of airships for third world assistance coincides neatly with proposals for using a new generation of the craft for surveillance work by the U.S. Navy, the Royal Navy, and the French Navy and coastguard.

A Skyship 500 made by the British company Airship Industries (mostly owned by Australian Alan Bond's conglomerate, Bond Corporation) bas been patrolling the French side of the Channel and the Brittany coastline on 24-hour missions using radar to monitor shipping. The French are said to be well pleased with the experiment and are now trying the larger Skyship 600.

Meanwhile, the U.S. Navy wants an airship that can stay up for weeks at a time if necessary. Both Airship Industries and Wren Skyships, a new Scottish airship company, backed by the Scottish Development Agency, are involved in the competition for that contract. Wren is acting as a consultant to Boeing, and Airship Industries is working with Westinghouse.

Demand supplied

Having done a good job for themselves, the employee-shareholders of the National Freight Corporation have been eagerly volunteering to do a good down-to-earth turn for others in the Sudan.

More than 60 of NFC's managers have responded to an appeal from the Save the Children Fund for professional help in organising the transport of food and other supplies to famine victims.

Robert Mace, 40, general manager in Manchester of NFC'e Roadline parcels company, left for Nyala this week. He has been seconded for six months to organise transport in the Darfur province of Western Sudan.

NFC, which offered to provide specialist help as soon as Sudan's food movement problems became known, has now also been asked to provide three managers to operate the transport of Band Aid supplies from Port Sudan to central distribution points.

Sir Peter Thompson, NFC's chairman, says he is proud of his volunteers and "delighted that NFC is able to help in a practical way with the alleviation of the worst effects of the famine."

Dangerous times

My note on Vickers shares following the dropping of the atomic bomb in 1945 has stirred other long memories.

A friend recalls a City tape message during one of the pre-World War Two crises—"Vickers fell on fears of peace."

Observer

Medical research

The awesome cost of a magnetic breakthrough

By David Fishlock, Science Editor

BRITAIN failed to capitalise directly from the war-driven development of penicillin but managed two major post-war devalopments better. Cephalosporin antibiotics and pyrethrin insecticides bave both generated lerge royalties for the British taxpayer.

The biggest money-spinner of this kind in the 1990s could well be *the medical uses of* nuclear magnetic resonance (NMR) a development in which *Britain has* played a big part, with every encouragement from the British Technology Group *and its innovative arm*, tha National Research Development Corporation. Yet this may come *about* without a significant British presence in the mannfacture of whet is at present the *most expensive* medical system ever invented.

A NMR unit—some left-wing *councils insist* that the word "nuclear" be dropped—for patients can cost a medical *authority £1.5m to set np today.* For that reason the market for NMR has been dominated so far by the U.S., *where* the *most* advanced diagnostic technology is used to lure private patients by competing *clinics*.

This week, for the first time, the U.S. Society of Magnetic Resonance in Medicine brought its annual conference to London. To quote the society's president, Prof. Thomas Budinger, this acknowledges that the "majority of new innovations in spectroscopy and rapid imaging must be credited to the intellectual courage, cleverness and industry of scientists from the UK."

NMR is a method of striking the nucleus of e particular molecule with microwaves and listening to the wey it "rings."

Features never seen before came into focus

Two American scientists, Felix Bloch and Edward Purcell, discovered it in the mid-1940s and earned Nobel prizes in 1952. Initially, it proved a powerful tool fer analytical chemists, especially of polymers.

In the early 1970s, shortly after the X-ray brain-scanner had begun to excite doctors, the first NMR pictures of patients began to be pnhlished. These fuzzy images, from which bones were conspicuously missing, seemed primitive and uncompetitive compared with the fast-moving computerised tomography (CT) X-ray techniqne, which could look so effectively *beyond the shield of bone*, right into the brain.

Over the next decade the images *steadily* sharpened. Features and anomalies never seen before by doctors came into focus. An example is the breakdown of the myelin sheaths of nerves in cases of mnltiple sclerosis before the patient becomes aware that he is ill. Another significant discovery is the flow of cerebral spinal fluid, never observed until NMR arrived.

At the same time, NMR provad to have an important medical purpose with no connterpart in X-rays. As a method of chemical analyeis, treating the patient as a complex mixture of polymers, NMR can be used to pinpoint the presence or absence of a particular rare ingredient in a specific part of the body.

Oxford scientists led by Prof George Radda used NMR to discover that a achoolgirl who suffered convulsions and vomiting so hadly she could not go to school was lacking a single chemical. Now she is being treated successfully.

Between them, these two uses of NMR—images and assays of living flesh—account far two-thirds of nearly 700 scientific papers being read in London this week. The other third are about the technology. The progress of the past decade leads one European luminary to talk of the sensational success of NMR in medicine and praise it as "probably the most informative non-invasive techniqne known at present."

Every scientist knows the importance of the term "non-invasive." Indeed, in probe a sick person may prove so disturbing that what you are really measuring is tha disturbance you have caused by your invasion.

Here, CT scanning with X-rays was a tremendous advance over *previous* methods of examining the brain and spinal cord because of the difficulty of penetrating the protective shield of bone.

But NMR has other advantages. It does not dose the patient with X-rays, which may be harmful if the doctor wants repeated scans to folw the progress of the disease or the treatment, especially with young women or children.

NMR requires no invasive doses of radiation. The main safety concern has been the immensely powerful magnetic fields which must envelop the part of the body under examination by NMR. Careful study by the Government's watchdog on radiation, the National Radiological Protection Board, has disclosed no dangers except possibly for people with matallic implants such as artificial hips, at the kind of magnetic field strengths used at present.

But NMR does have the drawback of being very expensive. The late Lord Hinton, the *eminent engineer, once said of* CT X-ray scanning that it used mathematics of a complexity *beyond anything* he could handle. NMR, goes much further and is growing steadily more *complex*.

While the best-selling NMR instruments on the market today cost ebout £1m, they require around £1.5m to set up as a unit for the diagnosis of patients. By contrast, CT X-ray scanning can be installed for less than £1m.

About 15 companies worldwide are offering NMR systems. General Electric of the U.S. (GE), Siemens and Toshiba have the biggest shares of the market. Others with a substantial foothold include Philips, Hitachi and Picker International—the nearest Britain comes to a significant presence in NMR systems, since Picker, e traditional force in the U.S. medical X-ray *market, is now* owned by GEC. Britain also has a small firm in Scotland, M and D Technology, backed by the Prudential, spun off from research at Aberdeen University.

The *Japanese* have more companies marketing NMR systems than any other country. There are at least seven, with Sanyo, Yokagawa Medical Systems, Shimadscu, Osako Chemical and a Picker consortium involving Fuji and TToray, es well as Toshiba and Hitachi.

Worldwide, around 500 NMR systems have already been installed. But they are research *prototypes*, rather than a production-line tool of proven usefulness to the doctor in treating his patient.

The techniques of taking NMR pictures art tricky and not yet standardised. Widely differing results bave been obtained by differeot teams using the same technology, suggesting that skill and "green fingers" are still crucial factors. "There is much scope for confusion In reports on NMR," a leading article in the Lancet observed recently.

One general view is that NMR will be a valueble tool for looking closely at *soft tissue which* is shrouded in bone or cartilage. This includes the brain and central nervous system, the pelvic region (of women especially) and the knee.

The analytical powers of NMR, on the ether hand, may prove a potent new way of differentiating between malignant and benign tissue where cancer is suspected and perhaps for picking up rare diseases such as metabolic deficiency diseases.

Some scientists believe NMR *is inherently expensive*, and will remain so, because it incorporetes sophisticated features such *as the superconducting magnet* used to establish the very high and uniform magnetic field in which the patient must be placed. The magnet and its cooling accounts for a quarter or more of the system cost. The higher the field strength, the better the resolution, but the greeter the technical difficulties.

Oxford Instruments, Britain's most important commercial presence in NMR, has supplied superconducting magnet systems for nver 400 NMR systems. Including the magnets made by Siemens under licence from Oxford, the company claims 75 per cent of the market—a dominant position it has held for over a decade.

To try to ensure that it continues to sell to the electro-technical "majors" such as GE and Toshiba, Oxford Instrumeots is increesing its research and development.

But megnet performance and productivity are not the only possibilities for reducing costs, believes Mr Martin Wood, Oxford's founder and deputy chairman. He sees price-per-patient treated as more important than system cost. Present Installations are examining only ebout a dozen patients e day, poor utilisation of such costly systems. This is partly because of the care taken to prepare patients—psychologically and otherwise—before poking them into the narrow bore of e buge magnet. There is also much trial-and-error at this *stage* in getting the imaging conditions right for a given patient.

Another extra expense is the all-purposiveness of most NMR systems, enabling a research team to explore e wide diversity of illness on a single instrument. GE even claims its system can be dual-purpose—used both for *imaging and analysis.* Once doctors have isolated specific roles for NMR, Mr Wood sees a market for simpler, tailor-made systems, with the expensive all-purpose instruments being confined to relatively few research centres.

"I think there is a good chance of the price coming down," Mr Wood concludes. But first doctors must be convinced that it is a cost-effective way of helping the patient.

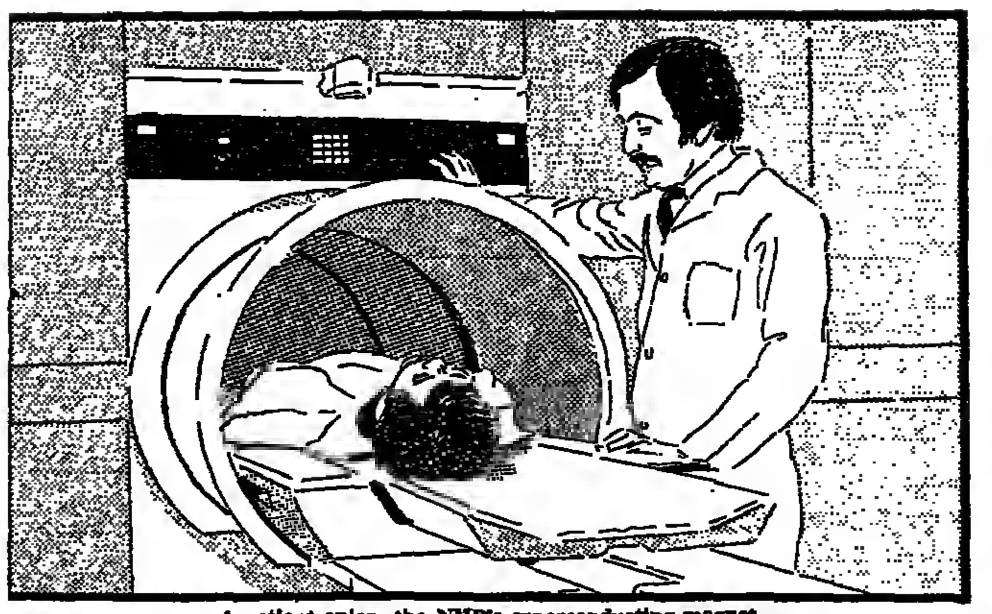
Prof Stephen Lillicrap, medical physicist for the district health authority centred in Bath, says *CT X-ray* scanning bas now proved itself cost-effective, bnt NMR is still being evaluated for clinical value. His view is that the two

Poor utilisation and much trial-and-error

techniqnes will prove complementary, rather than competitive.

In Britain, the evaluation for NMR imaging is being masterminded by the Medical Research Council, in a collaboretion that involvea the Department of Health and the National Radiological Protection Board. The MRC has given the Royal Postgraduate Medical School at Hammersmith a five-year special project grant to compare NMR with other new ways of "Imaging" the body, including CT X-ray scanning.

The MRC has plans to develop the diagnostic radiology department at this medical school into an internationally acknowledged centre of excellence for evaluating the clinicel use of "imaging" illness, by adding such tools as a *more powerful NMR system*, capable of "freezing" the beating heart.



A patient enters the NMR's superconducting magnet

Lombard

Cashing in on the castle

By Clive Wolman

SUPPOSE YOU need to borrow money to buy e new car. *Do it* on yoor credit card and you pay ebout 27 per cent interest. Take out a personal loan from the bank and you pay 24 per cent interest. But if you can give your bank or building society a cherge on your house, the interest rate will fall to about 14 per cent.

But there is e snag. The Bank of England and the Treasury wont let you. An Englishman's home may he his castle, but if he wants to use it as security for a loan, he will *have* the rule book and the ideology of monetary control thrown at him.

Take another, even more bizarre, example of Government interfereoce in the workings of *the market*. You have run up a bank overdraft and have difficulty reducing it. Your *bank gets worried* and asks you to grant it e charge (that is, a first or second mort*gage) on* your house.

The bank's loan is now more secure. It has taken the sort of prudent action which would normally he commended by the Bank of England's supervisory department. But by doing so, it has defied the Bank of England's and the Treasury's *official guidelines*.

The Government imposes these restrictions because it helieves that loans secured on houses—mortgages—cause inflatioo. The riskier, more costly unsecured loans are however unrestricted.

The rules highlight the complexities ond absurdities in which the Government's monetary policy has become entangled. The policy is supposed to be a central plank in a *macro-economic* strategy in which inflation and Government interference with market forces are reduced to a minimum. But, if strictly followed, the policy throws up just the sort of arbitrary controls and economic distortions that the Conservative party has traditionally cited as illustretions of the futility of socialist planning.

The guidelines issued by the Government in January 1982 require banks and building societies to ensure that mortgages are used only for house purchase or improvement. Also, when moving house, borrowers must be prevented *from* taking out a larger than necessary mortgage as this would enable them to use the profits from the sale of their first house for consumption. The guidelines follow the abolition in 1980 of the supplementory special deposits scheme, the "corset," which was a stricter instrument of credit and monetary control.

If the British were a race of spendthrifts constantly on the brink of crippling indebtedness, there might be a justification for Government restraint on *credit, beyond that of monetary* control. But just the opposite is true. The personal sector balance sheet *compiled* by the Central Statistical Office for the end of 1983 shows that the *nation's* total *assets reached* £1,070bn—or £19,000 per person—whereas its toiel indebtedness was only £148bn or £2,600 per person, about one-seventh of total assets.

Thus a typical borrower will normally be able to provide part of bis wealth as security for his loan, most commonly in the form of bis house. This will allow him generally to borrow at o much lower rate of interest and will reduce the risk of o default and bad debt to his bank or other lender.

The value of residential property was estimated at £424bn at the end of 1983—a threefold increase in seven years—whilst loans secured on that property were worth only £90bn. Thus mortgages covered only 21 per cent of the value of the property.

The Government has done much to promote the spread of owner occupation. But it makes little sense for people to tie up so much of their wealth in their houses if they cannot unlock part of it when they are atrapped for cash.

The mounting popular pressure bas meant that in practice some building societies and foreign banks now frequently ignore the guidelines which are almost impossible to police. The clearing banks have been the most obedient. But they have e vested interest in preserving the status quo as their profit margins on personal (unsecured) loans are much greater than on mortgages.

If the Government believes that the freedom to use one's home as security would lead to an explosion of credit and runaway inflation, the correct policy would be to reduce the monetary base and, if necessary, let interest rates rise.

Letters to the Editor

Compromise in real life

From the Managing Director, Primetime TV

Sir, — Christopher Dunkley (August 21) is right to say that the "Real Lives" film could be improved. There is no TV film that could not be improved, given unlimited time and resources. That misses the point. The BBC has fallen into a trap, and transmitting the unamended film is the best way out of it.

The Home Secretary has conceded that a decision to broadcast the film is entirely the BBC's. The BBC governors and management have agreed that a version of the film should be broadcast. Surely the great danger facing the BBC now is the prospect of management having to negotiate with the *governors* an acceptable version.

If the governors are drawn into the process, they must either become identified with an inevitably imperfect film, or forever prevent its transmission while awaiting the impossible perfect version. And if they are drawn in this time, how can they resist any future demand—from whatever quarter—*to view and seek* improvement in controversial programmes?

Better by far, then, to hroedcast the original programme, warts and all, and discuss publicly, in e *follow-up* programme, bow it might have been improved. The viewing public would *then* derive double benefit from seeing what alll the fuss was about, and hearing from the *programme-makers*, their BBC bosses, and informed outsiders how editorial decisions *are arrived* at in such sensitive areas. So widely have the film's contents—and even its *transcript*—been circulated that there can be no danger of an unwitting eudience being hoodwinked *by* terrnrist propaganda.

Honour saved on all sides; free and *frank admission* that programmes are imperfect; no uncomfortable precedents which could make the BBC unmanageable under pressure from sufficiently determined interest groups—is *this not the least* unhappy outcome to this miserehle affair?

David Elstein.
Seymour Mews House,
Seymour Mews, W1.

Joining the EMS

From Mr W. Grey

Sir,—When the Netional Institute of Economic and Social Research, Morgan Guaranty Trust of the U.S. and (August 21), the FT all strongly *speak* up fnr full UK membership of the European monetary system (EMS), what more needs to be said?

Only, perhaps, that commitment *to make the system work*, and all that goes with it, matters more than the technical *details*. And, *as six years'* experience by now clearly shows, the system does work for the benefit of *all concerned*, and could therefore, it may legitimately be inferred, be made equally well to work for the benefit of others (the U.S. included), whether full members or not, provided they equally heeded the exchange rate message at all times and, *in* order to keep their economies on course, took whatever corrective action was needed in good time without dangerously, and perhaps harmfully, lurching *in* either direction.

Far from being a *fetish*, exchange rate stability is not only a good thing in itself — *what* system would prefer to be without it? — but is also at once a means to and a hallmark of sound economic management, besides being (which is more than can be said about the present *international monetary* system) beneficial to one and all and harmful to none. Why *then, with so little to lose* and so much to gain, still hesitate?

W. Grey.
12, Arden Road, N.3.

Pricing petroleum products

From the Executive Secretary Federation of Petroleum Suppliers

Sir, — With the exquisite elegance of punch-drunk dinosaurs, major oil companies have, in the past few days, hiked the price of their road riesel, tractor diesel, and gasoil for heating by 1.5p/L. At the time of writing, only Petrofina (UK) and Phillips Petroleum have still to leap on the bandwagon.

The uniformity of the increase demonstrates the non-collusive power of market forces to produce identical results. Explanations offered so far are either tediously incredible or intellectually untenable, *or* both.

The costing of petroleum prodncts is without question complex, *and major oil* companies take good cara that it shall remain a mystery carefully screened from the profane gaze of those ontside their charmed inner circle. Their wholesale zonal prices are little better than pious frauds — not dissimilar in Intention from Government statistics on NHS expenditure or the level of unemployment.

This is the time of year when *many Department* of Environment and public utility contracts for oil supply are con*cluded. Esso in particular* is credited with successful tendering at breathtaking prices, eg *14.2p* per litre to the Central Electricity Generating Board, as against e wholesale bulk scheduled price of 27.47p per litre. Each year, with unfailing regularity, the wholesale zonal *price, to* which *net price* is related by discount, is jacked up, with distortive effects on the market.

E. J. Rowson,
500, Manchester Road East,
Worsley Manchester.

Friendly societies

From Mr R. Instone

Sir,—Your report (August 21) *on the Government's* consultative paper on building society audits shows that it is *proposed that, in place of some* of the information at present disclosed to depositors, auditors *should make* a confidential report to the Registrar of Friendly Societies on whether e *society's management* has complied with the law.

If the registrar is to do any*thing more* than file the report, it is essential that his legal section should be either *strengthened or* placed under the supervision of the Department of Trade and Industry.

One of his duties is to approve the form of notice which bas to be given to the members of a *friendly sociaty* which transfers its engagements to another and is then removed from the *register.* *It so happens* that, as e policy holder of tha transferee society, I recently received *such a notice, which provided* for the payment of gratultous compensation for loss nf office to every member *of the committee* of management of the transferor society. Neither the aggregate amount Involved, nor the identity of the payees, was disclesed; nor was the sanction of the members sought.

I pointed out to the registrar that a society on the eve of extinction had no power to pay such gratuities, and that even *if* it had, the payments would need the *sanction* of a general meeting in the absence of an *independent quorum on* the committee of management. So the registrar's approval of the notice gave *it a spurious air* of validity which was misleading to tha members.

The assistant registrar who informed me that it was his *duty to advise the registrar on* the law (and who appears to have been recently transferred from the *Ministry of Agriculture*) invoked, in answer to my first point, an irrelevant provision in the Building Societies Act, and made no ettempt to answer the second.

I am pursuing that particular matter elsewhere. Bnt until the registrar's officials display the same responsiveness to outide opinion as the DTI invariably does, notwithstanding its own resources of expertise, or else a willingness to obtain competent outside advice, it would plainly be unwise to add to the registry's responsibilities.

Ralph Instone.
7, New Square,
Lincoins Inn, WC2.

The rating system

From Mr P. Curwen

Sir, — In your editorial on August 19 you gave your wholehearted support to a rating system based upon capital values. I cannot understand why such a system is so widely supported. Surely it is obvious that, for example, it penalises the improvement of property since improvement virtually always increases capital values. In other words building an extension will not merely be subject to VAT hut to a wealth tax on top. Is that the way to set the country's crumbling housing stock to rights? I think not.

Furthermore such a system, like that currently in force, confuses income with wealth. Capital values are a measure of wealth and bence tell one nothing about the occupiers' ability to pay out of net income.

Peter J. Curwen.
Sheffield City Polytechnic,
Pond Street, Sheffield.

New issues by post

From Mr L. Goslin

Sir,—A lot of the rubbish (stags), controversy, and heat could be taken out of the new issues market by resorting to the simple expedient of "first come, first served," and also—if possible — restricting the issue to postal applicants only.

Gone would be the unedifying spectacle of last-minute queues jostling for position and armed with large boxes containing multiple applications — individuals who have bided their time in order to judge the market.

Genuine applicants, taking the long view, usually get their forms off as soon as the prospectus is published. Most of us have to send our applications by post anyway and are thus disadvantaged from the start.

Lionel S. Goslin.
2 Wyke Oliver Road,
Preston, Weymouth,
Dorset.

Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Malta 30c.

FINANCIAL TIMES

Friday August 23 1985

Components groups fear longer shutdown at BL unit

By Arthur Smith in Birmingham

CONCERN that growing stockpiles at Austin Rover, BL's volume car company, could lead to a production shutdown of more than one week, are mounting among components suppliers.

The state owned company told union leaders this week of plans to cut production schedules by around 10 per cent from next month to avert holding stocks in the winter months.

The company also confirmed it was considering a one week layoff of its 28,000 manual workers by extending the September holiday break into the first week of October.

Some component suppliers believe a further shutdown of at least a week later in the year might be necessary.

Austin Rover, which boosted production by nearly 60,000 vehicles to 257,000 in the first half of this year, has failed to make a significant breakthrough in UK market share.

The company is confident, however, it will hit target sales of 60,000 this month despite signs that the August market might be tailing off.

August is traditionally a boom month for car sales in the UK since it marks the introduction of a new registration suffix.

The first 10 day registrations for the new "C" suffix, at more than 202,000, put the industry on target to match the record of nearly 375,000 of 1983. But the market has since lost momentum.

Industry observers believe that even with an August shortfall, 1985 sales will be comfortably above the near 1.75m of last year and approaching the 1.79m of the 1983 record.

This year's August boom has been boosted by the heavy discounting among the major suppliers.

Austin Rover, in a cut-throat market where every manufacturer accuses the other of disruptive pricing, insists it has not engaged in "distress marketing."

The scale of marketing by Austin Rover against the multinationals of Ford and General Motors is unusual but regarded as necessary to acquire market share.

Mr Peter Regnier, the Austin Rover finance director, said last night there was no alternative other than to discount when confronted with the opposition for the August market.

Ericsson profits fall by 31% in first half

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ERICSSON, the Swedish telecommunications and electronics group, suffered a drop in profits of 31 per cent in the first half of the year, and it is still running up considerable losses in its troubled information systems division.

The group's share price has tumbled to a new low in recent days, ahead of the publication of the interim report trading as low as SKr 211, against a 1984-85 peak of SKr 410 per share, and a high of SKr 483 in 1983.

Profits before taxes and allocations totalled SKr 644m ($78m) in the first half of 1985, against SKr 928m in the corresponding period of 1984. Profits were virtually unchanged from the second half of 1984, when the scope of Ericsson's problems in information systems was first revealed.

Ericsson's performance in the first half of 1985 would have appeared even more dismal were it not for extraordinary profits of SKr 170m accruing in part from disposals, including the sale of a 60 per cent share in Thorsmans AB, a manufacturer of cable fastening equipment.

The profits have been booked as capital gains according to Ericsson's accounting rules and are included in the operating profits.

Ericsson is also continuing to run up considerable losses in the U.S. where it is having to invest heavily to adapt its Axe public switching system for the U.S. market and where sales of information systems and especially personal computers have fallen far below target.

Ericsson's share of losses in the U.S. company, owned jointly with Atlantic Richfield, totalled SKr 171m.

Ericsson said yesterday that the far-reaching restructuring of the information systems division carried out in the first six months had cut losses to below the level of the second half of 1984, but the reduction was less than hoped. Losses in this division totalled SKr 217m in the whole of last year.

Ericsson has decided to hive off its activities in certain office equipment, such as typewriters, printers and calculators, into a separate operation – with total sales of around SKr 2.5bn – and is seeking a foreign partner for co-operation ventures in this sector.

It is also closing down production of smaller office exchanges and transmission equipment at its plant at Anaheim, in California, as part of the shrinking of the information systems division's operations in the U.S.

Total group sales rose by 12 per cent in the first half of 1985 to SKr 14.9bn, while the intake of new orders amounted to SKr 16.2bn, an increase of 14 per cent.

Sales in the first half stagnated in North America and fell heavily in the Middle East and Africa, from the corresponding period last year.

Brazil willing to sell state groups to foreign investors

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN Government has signalled a significant easing of its long-standing policy towards foreign investment, declaring readiness to sell state-owned enterprises to foreign concerns and to widen the scope of foreign portfolio investment.

Over the past week both Sr Franciso Dornelles, the Finance Minister, and Sr Roberto Gusmao, the Industry and Commerce Minister, a former successful businessman, have said they would be prepared to allow foreign investors to purchase stakes in government companies which are to be privatised over the coming months.

Sr Carlos von Doellinger, a senior Finance Ministry official, said this participation could be in the form of joint ventures with Brazilian companies, though it is unclear whether the foreign partner would be allowed majority control.

Another option reportedly under consideration would permit debt-for-equity conversions on a much larger scale than at present. Foreign bank creditors might be permitted to utilise in this way part of the several billion dollars which has accumulated in the Central Bank as a result of the debt rollovers.

Foreign investment in Brazil has declined sharply over the past three years, compared with the 1970s. Last year it was down to $1bn including reinvestments, and for 1985 the central bank is estimating that the net inflow of foreign capital may be below $1bn.

Against this background and that of the enormous annual burden imposed on Brazil by foreign debt servicing, western leaders have for some time been urging Brazil to increase the attractiveness of foreign investment.

Mrs Margaret Thatcher, the British Prime Minister, and Mr George Shultz, the U.S. Secretary of State have both said frequently that this would be the best solution to the debt crisis.

But putting this declared intention to allow a greater role for foreign capital into practice, especially when combined with the politically sensitive issue of denationalisation, may not prove so easy for President Jose Sarney.

The pro-privatisation Finance Ministry is already gearing itself up to face a strong political reaction from Congress as well as opposition from other quarters within the Sarney Government. According to Sr Doellinger, the Planning Ministry has "fears and doubts" about this move, adding that some left-wing groups were also against it.

So far, the Planning Ministry which is in charge of the privatisation programme, has not divulged the list of companies to be sold off. But it is known that the Government would like to dispose immediately of a number of medium-sized steel mills and equipment manufacturers.

It would also welcome interest from any quarter, national or foreign, to complete a number of major unfinished projects inherited from the former military-led regime.

One practical obstacle in the way of meeting the wishes of Sr Dornelles and Sr Gusmao, – the strongest defenders of private enterprise in the Government – is the need to change the law prohibiting foreign capital from taking a controlling interest in certain industries and sectors.

Meanwhile, the Central Bank has confirmed it is looking into ways of attracting greater foreign participation in the booming Brazilian capital markets. But, again, no details have yet been confirmed.

Mitterrand and right may clash over state group heads

By David Housego in Paris

PRESIDENT François Mitterrand and the right-wing opposition in France are shaping up for a major constitutional clash over the appointment of new presidents to state-owned banks and industries.

The opposition has made no secret of its plans to replace many of the existing presidents if they come to power following next March's parliamentary elections – as seems increasingly likely.

President Mitterrand, however, has just reminded his right-wing opponents that he will still retain substantial powers to resist such changes, even in the event of an opposition victory in March. He has done this through publication of a decree that lists the 163 public sector institutions – including the nationalised banks and industries – where the President's approval is needed for a nomination.

Publication of the decree does not extend the President's powers. But it does bring up to date regulations dating back to the beginning of the Fifth Republic setting out the names of those organisations whose chairmen are named by the Council of ministers, over which the President presides.

To add salt to the opposition's wounds, the new decree names the current holders of the posts – including those who are known friends of the President or took over their jobs after holding senior posts in the private offices of socialist ministers.

Among known socialist sympathisers are M Jean Deflassien, the head of Crédit Lyonnais, M Alain Gomez, president of Thomson, M Jean Peyrelevade, president of the Suez group and M Andre Rousselet, the head of Havas, the advertising and travel agency which now runs a television channel.

M Alain Juppé, the finance spokesman for the neo-Gaullist RPR does not think that the opposition would have much trouble in forcing out existing heads of institutions. He recognises, however, that they would have a problem in making fresh appointments because these have to be approved by the President. He says that the opposition is currently studying the constitutional position.

But because of the problem he adds that the new government would bring in legislation in the first session of parliament following victory to provide a framework for denationalisation and to change the basis on which the heads of nationalised institutions are named. Even though this legislation would also require the approval of the President, M Juppe says that the National Assembly would be able to make its will prevail.

Under the current system, the chairman of a group such as the Suez banking group is appointed jointly by the board and the Government. The board of 15 – which comprises five people chosen by employees or the unions, five by the state and five for their professional expertise – proposes a name. This has then to be confirmed by the cabinet and ratified by a decree.

In practice, French tradition has always been that the appointment lies with the President after discussion with the Prime Minister or the relevant minister.

A test case over whether a right-wing government and a Socialist President will come into serious conflict over the nomination of a bank president could occur at the Suez group. M Peyrelevade's three-year term as chairman will come to an end in March 1986. As he was a senior official in the personal office of former Prime Minister Pierre Mauroy, the right is unlikely to want to renew his mandate. But it could have a problem in getting President Mitterrand to approve his successor.

THE LEX COLUMN

Back to basics at Hanson

Bowater, Imperial Group and Courtaulds can all breath a little easier. Hanson Trust has been as good as its word and turned to the U.S. for its latest display of conglomeration. The value of the group's offer for SCM almost precisely matches the proceeds of June's rights issue and should keep even Hanson busy until Christmas.

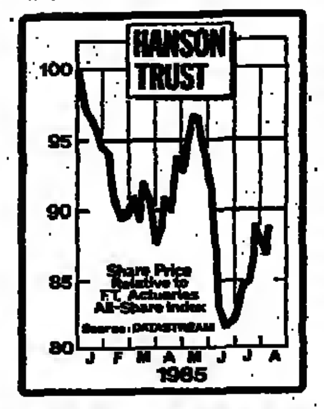
Not that the $745m offered on Wednesday night looks a knock-out. SCM shares traded on Wall Street yesterday at around $64¾, well clear of the Hanson $60 a share tender. Even in the absence of a counter offer, SCM will not be a soft target. The group's present management has already fought its way out of two proxy battles.

Yet Hanson can certainly afford to pay more. Extraordinary as it may seem, a cash offer for a company valued at not far short of $1bn and sporting term debt of $260m can be accomodated without any strain at all. Success on the current terms would leave the enlarged group with fully diluted equity of over £1.5bn and net debt – after buying in SCM's convertible debentures – of not much over £500m.

By Hanson'a standards, that scarcely counts as gearing. Interest cover, meanwhile could be as high as 10 times in 1986. This arithmetic is also based on the improbable assumption that Hanson chooses to keep everything it buys. The group admittedly made only minor adjustments to its last transatlantic acquisition, U.S. Industries, but the product fit with SCM is much less obvious.

Neither typewriters nor chemicals are exactly Hanson's style and even SCM's food interests are in areas of which Hanson Industries has little experience. The two obvious candidates for disposal are titanium dioxide and typewriters.

SCM has spent heavily on rationalising its titanium dioxide capacity and, at current market values, Hanson might realise around $300m for the lot. Smith-Corona is more of a problem. SCM has pruned the product range and adjusted from electro-mechanical to electronic technology but it must be open to doubt whether a 40 per cent share of the U.S. portable typewriter market is a valuable asset in the face of Japanese competitin. Volkswagen, after all, came badly unstuck when it bought Triumph-Adler and Hanson might be happy to accept any offer which vaguely matched Smith-Corona's gross assets of $150m.



The product range may be unfamiliar but the bid is in every other respect pure Hanson. The group has caught SCM near the end of a heavy capital spending programme – principally designed to reduce unit cost – but before the investment has shown through in higher earnings.

In the year to June 1984, SCM earned only about 10 per cent on capital employed and, while that may have risen by almost 2 percentage points in the year just ended, the returns are well below the Hanson norm.

Hanson would cover its financing costs in year one on the present terms – SCM should make roughly $100m pre-tax in 1985-86 – and even without disposals SCM's intrinsic cash flow should permit the debt to be paid down in short order.

At anything like the current tender price, SCM looks an extremely attractive proposition, a fact which may not have been fully recognised in yesterday's equity market. The Hanson price rose only 3p to 212p. Perhaps the market was expecting something more spectacular. A $745m bid is almost smaller beer for Hanson these days.

Ericsson

At first sight, yesterday's half-year figures from L. M. Ericsson did not look too bad. Income before appropriations and taxes was down 30 per cent to SKr 644m, but still near enough the more cautious forecasts in the UK and the U.S. to generate some tepid enthusiasm: the share price gained $1.50 at one stage in New York. A closer look revealed that the pre-tax profit figure included some SKr 170m in extraordinary gains – largely from the sale of a cable fastening business – and the buying interest evaporated at the 50 per cent fall thus revealed.

There was some meagre encouragement in the statement. The information systems division, which has so contributed to Ericsson's fall from grace, lost less money in the six months to June than in the drastic second half of 1984. While it is too early to claim a turnaround, Ericsson has, at least, moved to reorganise the operations in the U.S. have been such a financial and managerial strain. The technical problems with its PABXs seem to have been ironed out, Ericsson is to abandon its own marketing of personal computers on their own and the office equipment business is being hived off – possibly with a view to sale.

Whether the full-year figures will include a write-off has yet to be seen and the shares, trading on under eight times probable 1985 earnings, are indicating caution.

Horizon Travel

Horizon, which has been something of the gentleman of the U.K. holiday business, yesterday rolled up its sleeves and vowed to match its competitors – in effect, Intasun – on every bed or seat sold. The statement was a reminder to any enthusiast for the sector, caught up this month's wave of late bookings, that whatever improvement there may in next summer's tour volumes, the margins could be as hacked about as this year.

Yesterday figures for the six months to May said little about the holiday business but quite a lot about the market for used airliners sales from the fleet (and associated currency gains) turned an operating loss of £3.6m to a pre-tax profit of £10.7m.

Whether this will end up as much of a pre-tax profit for the year over and above the aircraft sales is open to question with late bookings cutting the benefit of customer advances to cas flow and interest income, Horizon must also suffer the double pressure on margins from consolidation and then taking on extra capacity at the last moment.

Horzion certainly has the financial room to compete on price next year, and at least is now taking its marketing in hand (where, no doubt, its new shareholder Bass is providing friendly advice). There is unlikely to be much improvement in earnings for a couple of summers.

German challenge over EEC steel aid policy

BY PAUL CHEESERIGHT IN BRUSSELS

THE WEST German steel industry yesterday stepped up its campaign against the way the European Commission operates the EEC's steel subsidies policy by demanding full disclosure of all aid authorisations.

The Iron and Steel Federation of West Germany said it had written to the Commission asking for full details of the subsidy programme so that companies not receiving subsidies would be in a position to invoke their rights and appeal to the European Court of Justice if they desired.

The federation specifically mentioned a DM 10.5bn ($3.8bn) programme of subsidies, provided largely by Italy and France, which is linked to plant capacity cuts of 2m tonnes of steel.

But the Commission has not yet received the letter and officials said there were no plans in any case to give additional details of subsidy authorisations.

The subsidies in question relate to either a programme of capacity cuts demanded by the Commission in June 1983 or to a decision taken by industry ministers last March. The latter gave EEC governments a fresh opportunity to ask the Commission for subsidy authorisations before May 31, on which the Commission would make decisions by August 1.

Under the general restructuring plan to the EEC steel industry, subsidies have been permitted, under Commission control, where they have been linked to capacity cuts or the financial viability of the company involved from the end of this year.

But the West German industry has generally been critical of the subsidies programme, arguing that it has been put at a competitive disadvantage.

Both the industry and the Bonn Government have taken the Commission to the European Court of Justice. They claim that the Commission has not always respected deadlines for the notification of demands for subsidies and that it has not applied a uniform ratio to the size of the subsidy and the extent of tha capacity cut involved.

The judgment is expected to be given next month.

EEC steel restructuring has involved a cutback in capacity of 30m tonnes from the industry maximum production capacity in 1980 of 171.7m tonnes. Original plans had set a deadline of December 31 1985 for an end to all subsidies, but decisions are likely later this year to extend in a modified form the subsidy programme.

Canada Trustco board accepts Genstar offer

BY BERNARD SIMON IN TORONTO

THE BOARD of Canada Trustco, Canada's largest trust company, has capitulated to a hostile takeover bid from Genstar, the Vancouver-based financial services and industrial conglomerate, clearing the way for the creation of the country's sixth largest financial institution.

Canada Trustco president Mr Mervyn Lahn, who has made no secret of his preference for widely dispersed ownership of Canadian financial institutions, said in a letter to shareholders yesterday, that "in the absence of a better offer" they should accept the latest Genstar offer of C$45.20 (U.S.$33.5) a share.

He said that 23 Canada Trustco directors intend to tender almost all their shares when Genstar formally makes its offer on the Toronto and Montreal stock exchanges next Tuesday.

Genstar has already accumulated 35 per cent of Canada Trustco's common shares by purchases on the open market and by acquiring the 27.8 per cent interest previously held by a rival bidder, Manufacturers Life, the multinational insurance group.

It is certain to secure a strong controlling position when other shareholders tender their shares next week.

Genstar plans to amalgamate Canada Trustco with its 99.9 per cent owned subsidiary Canada Permanent Mortgage Company creating a financial services group with assets of C$20.5bn.

The two companies' profits totalled C$130m last year.

Genstar, whose other interests include building materials, real estate and waste management, will join the ranks of several Canadian companies putting together networks of financial institutions to take advantage of the gradual deregulation of the Canadian financial system.

Société Générale de Belgique, the Belgian investment group is Genstar's largest shareholder, owning 8.8 per cent of its voting shares directly and another 5.6 per cent through affiliates.

54 die in Boeing 737

Continued from Page 1

Boeing tri-jet 727, of which 1,831 were sold before production ceased.

There have been only two fatal accidents to the aircraft previously. One was in 1981, when a 737 broke up in flight over Taiwan, killing all 110 passengers and crew. Subsequent investigation revealed heavy corrosion on that aircraft.

The other was an Air Florida aircraft that crashed into the Potomac river after taking off from Washington National in 1982, with heavy ice accretion on its wings, killing 78.

Overall, the world fleet of Boeing 737s has carried 1.27bn passengers over the past 17½ years, with the aircraft accumulating some 20m flying hours. Boeing has developed a higher-capacity version, the 737-300, designed to carry between 130 and 149 passengers which is selling well.

Reuter reports: Yesterday's crash cast fresh doubt on popular belief among airline travellers that it is safest to sit at the back an aircraft.

After the Japanese Boeing 747 disaster on August 12 in which all four survivors of the 524 people on board were sitting at the rear, airline officials reported a big jump in the number of passengers requesting seats at the back.

All 29 survivors of the Delta Airlines Lockheed, which crashed this month at Dallas-Fort Worth killing 134 people, were also sitting as the back.

In yesterday's disaster at Manchester, however, the safest place to be was at the front or in the middle of the aircraft. Nearly all those who died appeared to have succumbed to fumes and flames in the rear section.

Bouygues may take stake in battery group

Continued from Page 1

The new group would bring together two of France's most colourful businessmen – M Francis Bouygues, who has transformed a family concern into a major international group, and M Bernard Tapie, the flamboyant industrialist who has made a name buying up lame duck companies.

M Tapie purchased Piles Wonder after a takeover battle with Banque Worms last November. Then, with the help of Banque Worms, he negotiated the takeover of Saft's consumer batteries division from the state-owned CGE electronics group.

Bouygues yesterday declined to comment on the deal, which has still to receive the final approval of both parties and of the Paris commercial court

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	29	84	Malaga	–	—	—	Salzburg	S	27	81
Akrotiri	S	33	91	Faro	S	32	90	Malta	S	32	90	Seoul	S	28	82
Algiers	F	30	86	Florence	R	35	95	Manila	C	32	90	Singapore	F	29	84
Amsterdam	F	15	64	Frankfurt	S	27	81	Miami	R	31	88	Stockholm	C	17	63
Athens	S	31	88	Funchal	S	27	81	Milan	R	30	86	Strasbourg	–	—	—
Bahrain	S	39	102	Geneva	F	28	82	Moscow	F	18	64	Sydney	S	14	57
Bangkok	S	33	91	Gibraltar	S	25	77	Munich	R	28	82	Taipei	R	30	86
Barcelona	–	—	—	Guernsey	F	16	61	Nairobi	C	19	66	Tangier	S	33	91
Beirut	S	30	86	Helsinki	F	19	66	Naples	S	33	91	Tehran	–	—	—
Belgrade	S	29	84	H. Kong	R	26	79	New Delhi	C	35	95	Tel Aviv	S	31	88
Berlin	S	25	77	Innsbruck	S	28	82	New York	S	23	73	Tenerife	–	—	—
Biarritz	S	23	73	Inverness	F	14	57	Nice	S	28	82	Tokyo	S	32	90
Blackpool	C	15	59	Istanbul	S	27	81	Oporto	S	23	73	Toronto	C	21	70
Bordeaux	F	22	72	Jersey	F	17	63	Oslo	F	19	66	Tunis	S	31	88
Brussels	C	17	63	Jo'burg	R	22	72	Paris	C	21	70	Valencia	–	—	—
Budapest	S	28	82	Las Palmas	S	28	82	Prague	R	26	79	Venice	S	29	84
B. Aires	S	14	57	Lima	C	18	64	Reykjavik	F	13	55	Vienna	S	26	79
Cairo	S	34	93	Lisbon	S	27	81	Rio de J'o	R	26	79	Warsaw	F	21	70
Cape Town	S	12	54	Locarno	S	27	81	Rome	S	28	82	Zurich	S	28	82
Caracas	C	29	84	London	C	18	64								
Casablanca	S	26	79	Los Angeles	S	29	84								
Copenhagen	R	20	68	Luxembourg	F	22	72								
Corfu	R	34	93	Madrid	S	36	97								
Dublin	C	15	59	Majorca	–	—	—								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Friday August 23 1985

AH Robins' Chapter 11 filing to be challenged

By Our Financial Staff

LAWYERS for some of the women who have sued A. H. Robins, the U.S. pharmaceuticals group, over injuries allegedly caused by its Dalkon Shield contraceptive, plan to challenge the company's filing this week for protection under Chapter 11 of the U.S. bankruptcy code.

The group has paid awards and settlements totalling $378.3m relating to the Dalkon Shield, leaving about 5,100 cases still pending. It is seeking protection from creditors under the bankruptcy laws, which means that all pending and future lawsuits will be stopped.

Yesterday, Mr Aaron Levine, a lawyer representing 100 former Dalkon Shield users suing Robins, said he would ask the U.S. Bankruptcy Court to dismiss the company's petition for protection. Other lawyers are expected to follow suit.

Meanwhile Ms Sybil Shainwald of the Women's National Health Network said: "We believe Robins is still solvent." She said the bankruptcy proceedings were an insult to women awaiting settlement. "For the entire period of the proceedings, the women who were injured will not get compensation," she added. "Some of these women have already been waiting five years."

Mr Claiborne Robins, chief executive, said the company's present operations had been strong and this trend was expected to continue.

Robins shares were still trading early yesterday, down $1¼ at $8¾.

Icahn to lift TWA stake to 50%

By Our Financial Staff

MR CARL Icahn, the Wall Street financier who is set for victory in the long-running battle for control of Trans World Airlines, plans to raise his stake in the airline to more than 50 per cent without waiting for a formal response from the company on his $24 a share bid.

Mr Icahn, who holds 45.5 per cent of TWA's shares, said in a filing with the U.S. Securities and Exchange Commission that he planned to acquire the additional shares "from time to time in the open market or in privately negotiated transactions."

Earlier this week TWA's board declined to take steps suggested by Texas Air to "lock up" its rival $26 a share bid. The suggestions were aimed at stopping Mr Icahn from acquiring control, but their rejection was widely interpreted as a victory for Mr Icahn.

Nixdorf sees scope for growth

By Our Financial Staff

NIXDORF, the West German computer group which came to the stock market just over a year ago, expects trading to remain successful following a 24 per cent increase in sales for the first half of 1985.

Turnover for the half year rose to DM 1.56bn ($563m) from DM 1.26bn. Nixdorf bases its optimism about trading in the current six months on the "high level" of orders on hand.

In an interim report, Nixdorf said the company benefited from buoyant demand in local and international markets. Its plants continued to operate at full capacity.

Sales in the German market rose 20 per cent in the half year, while sales abroad rose 27 per cent spurred by orders from banks, large retailers and small to medium-sized companies.

Nixdorf said first half orders rose 29 per cent. Orders on hand rose 24 per cent to DM 3.9bn.

The DM 720m of new capital raised in July had provided a sound base for expansion, Nixdorf said.

Nixdorf recruited 1,500 workers during the first half.

Nedlloyd warns over outlook

By Our Financial Staff

NEDLLOYD, the Dutch shipping group, reports improved profits for the first half of 1985 but warns that earnings for the whole year may well fall short of 1984, writes our Financial Staff.

Net profits for the half-year are Fl 60.2m ($19.3m) against Fl 52.4m with total revenue improving from Fl 2.36bn to Fl 2.46bn. Liner trade profits this year are expected to be lower, while the bulk trades are said to be heading for another loss.

American Express to reacquire stake in card processor

BY TERRY DODSWORTH IN NEW YORK

AMERICAN EXPRESS, the U.S. financial services group, is planning to spend $225m to repurchase a 25 per cent holding in First Data Resources (FDR), the group's bank card processing subsidiary, only two years after the stake was floated off in a public offering.

The decision marks a change of strategy at American Express, which sold its holding for less than $100m in 1983, but now says that it wants to strengthen its commitment to the information processing industry.

Mr Louis Gerstner, the newly appointed president of the group, stressed that the company sees a particularly strong demand for the data processing strengths of FDR within American Express, as its business becomes more dependent on computerised technology.

At the same time, FDR will continue to work for other customers independently of American Express, he added.

FDR developed out of American Express' own card processing needs, and has since grown into the third largest third-party processor of U.S. bank card transactions. It has the capacity to handle 325,000 electronic and voice authorisation requests in a day, and has also moved into other data processing services.

According to American Express, the precise form and terms of the share purchase have yet to be negotiated. But it said that it is offering $36 a share for the FDR stake, and that it has reached a preliminary agreement with management to acquire a portion of their common stock and all their class B shares for American Express shares at a rate of $36 a share. The shares were floated at $14 in September of 1983.

Lac Minerals poised for platinum purchase

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

LAC Minerals Canada's major gold producer is aiming to expand to platinum. It has reached agreement with Atlantic Richfield's subsidiary, Anaconda, to acquire the latter's one-third partnership interest in Stillwater Mining for $15m.

Stillwater has a one-third stake in high grade platinum-palladium properties in southern Montana. The project operator, Chevron USA, has presented a feasibility plan for taking the deposits to production. The third partner is Manville Products Corporation.

The properties contain a platinum-palladium bearing zone with a 9.6 km horizontal strike length. Ore reserves, both proven and probable, come to 390,000 tonnes grading 24.6 grammes platinum-palladium per tonne. There are also 1.6m tonnes of possible ore grading 28.4 grammes platinum-palladium.

● Palabora, the Rio Tinto-Zinc Group's low-cost mine in South Africa, has raised half-year net profits to R34.81m ($13.9m) despite production problems caused by cracks in two of its autogenous mills.

This compares with R31.37m for the corresponding period last year.

The second quarterly interim dividend is raised to 25 cents. This makes a half year total of 45 cents compared with 35 cents in the same period of 1984.

Bradbury Wilkinson set for expansion

BY CHARLES BATCHELOR IN LONDON

BRADBURY WILKINSON, one of the largest UK printers of banknotes, is to take a controlling stake in the credit card arm of Photo-Me International, which makes coin-operated photographic booths.

Bradbury will take an 80 per cent stake in PMI Data for an undisclosed sum, while Photo-Me will retain a 20 per cent holding. The two companies have collaborated over the past two to three years to develop the high-security cheque card now used by Britain's clearing banks.

Bradbury will merge PMI, which is based in Windsor, with its own Gatwick-based cheques subsidiary to create a new division, Bradbury Information Technology Systems, with 230 employees and an annual turnover of nearly £9m ($12.4m).

Bradbury is the UK arm of International Banknote Group, a company listed on the American Stock Exchange, with annual sales of more than $100m. Its U.S. operation, American Banknote, prints U.S. Government food stamps, driving licences, car registration forms, currency, travellers cheques and stamps.

The new division will combine printed paper and plastics technology to produce payment systems and personal identification documents.

Bradbury recently installed its own production line for Eurocheque cards before it knew the PMI Data purchase would go through.

Gambro loss in first half

BY DAVID BROWN IN STOCKHOLM

GAMBRO, the Swedish manufacturer of kidney dialysis equipment which has been undergoing major changes since its acquisition last year by the Sonessons Group, has plunged into the red for the first six months. To offset this it is selling its small diagnostics division and seeking a buyer for its larger loss-making open heart surgery unit.

The group has been forced to charge the total estimated SKr 60m ($7.3m) cost of the retrenchment against first half results, bringing the pre-tax loss to SKr 16.6m. Profits before the divestiture charge were SKr 43.4m, down from SKr 52.1m achieved during the same period in 1984. That figure was caused largely by a SKr 10.5m rise in financial costs.

Total Gambro sales, adjusted for the disposals climbed 10 per cent to SKr 750m, and the operating result after depreciation was raised slightly. The remaining two subsidiaries had sales of SKr 17.2m during the six months reporting period, and losses of SKr 14.5m.

Dividend up for chemical group

BY JOHN WICKS IN ZURICH

EMS-CHEMIE Holding, the Swiss chemical concern, is to propose increased dividend payments for the year ended April 30 1985 of SwFr 35 ($15.5) per bearer share and SwFr 7 per registered share. Last year, dividend had been resumed at corresponding levels of SwFr 25 and SwFr 5 after being passed since 1981.

Group turnover rose in 1984-85 by 15 per cent to SwFr 391m, with operational cash flow up from SwFr 29.4m to SwFr 55m

Deutsche Bank goes into capital markets

BY MAGGIE URRY IN LONDON

THE STYLE is German. Cool shades of blue and grey dominate in sleek offices. The location, however, is London. Deutsche Bank Capital Markets is in business.

Deutsche Bank's decision to open a capital markets subsidiary in London was "a natural extension to our investment banking business," says Michael von Brentano, one of the four managing directors of DBCM.

Investment bankers are discovering that they must be where the action is, just as their commercial brothers did several years ago.

Despite the array of telecommunications and electronics which now link the world's business capitals, Deutsche Bank felt the need for a physical presence in London, the centre of the Eurobond market.

Deutsche Bank has always been one of the top lead managers in the league tables of Eurobond new issue houses, and is well respected by rival houses – something that does not necessarily follow.

But bankers believed that Deutsche Bank's pre-eminence could have slipped away had it not made the move to London. "Customers come to London and do the rounds of the banks. It took a special trip to Frankfurt to see Deutsche Bank," says one.

In 1984 the bank led 62 new issues with a total value of $5.85bn, coming third in the rankings according to Euromoney figures. However, that represented a decline in market share from 16.2 per cent to 7.4 per cent and a fall in money raised from $7.88bn in 1983.

The London operation will cover four main areas: bond trading and sales, new issue syndication, corporate finance and swaps. Mr von Brentano stresses that the move is not a total transfer from Frankfurt, which will still be responsible for the syndication of D-Mark bond issues in the growing and newly liberalised West German capital market.

This week DBCM launched its first bond issue syndicated from the London offices – an Australian dollar Eurobond for Industriekreditbank, a West German bank.

The new operation needs a high level of staff. The workforce now totals 80 and could exceed 100 in six months' time. Although many of these people were already Deutsche Bank employees, there has had to be some active recruitment. The bank's well-known name in the bond market, and the publicity surrounding the decision to come to London, which was taken late last year, has helped as bond dealers have offered themselves to DBCM.

The trading and sales side, under Stanley Ross, another managing director and himself a new recruit, has expanded from the four people he found when he arrived in April. By the beginning of next month he will have a staff of 19, including a group of five traders from Manufacturers Hanover. "We hire individuals, we do not want to hire teams," insists Mr von Brentano.

More controversial than the additions to the staff has been the departure last month of Karl Miesel, formerly Deutsche Bank's director in charge of syndication. It had been thought in the Eurobond market that Mr Miesel was the driving force behind the decision to open a London office. Would Deutsche's commitment to London be as strong without him?

Mr von Brentano is unwilling to discuss the subject further. He gives the impression, though, that Deutsche Bank is if anything more determined to make the London business work without Mr Miesel.

Bankers observe that Deutsche Bank is too big to be affected by the loss of one person, however important. Borrowers agree.

"Karl Miesel was a great asset to Deutsche, but our relationship is with the institution, not one man," says Eugene Rotberg, treasurer of the World Bank, whose Eurodollar deals are often led by Deutsche.

DBCM will not be aggressively buying business. "We are here to help our clients cover their needs and to earn a profit at the same time," says Mr von Brentano. The bottom line is clearly more important than the top spot in the league tables, if it comes to a choice between the two.

The question now is whether DBCM will take off. A banker observing the move says, "I think they are finding it harder than they expected. But it is Deutsche Bank. They will get it right."

Eurobonds lively as investors increase the pace

NEW ISSUE business kept the Eurobond market active again yesterday. Investors were taking a more positive attitude and traders reported good demand in a number of different currency sectors, writes Maggie Urry in London.

In the Eurodollar market recent issues were pushed higher, with the secondary market also gaining around ⅛ point. Further evidence of a sluggish U.S. economy helped the market.

Bank of Tokyo launched a $100m deal with a 10-year life which is likely to find good demand in Japan. The coupon was set at 10⅝ per cent and issue price at 101¼. Bank of Tokyo International led the deal, which was trading within its 2 per cent fees.

Fuji Bank was the latest Japanese bank to launch a convertible issue, which, like Mitsubishi and Sumitomo's deals, met strong demand. The issue totals $100m of which $80m is targeted to European investors with the rest destined for the Far East. Terms on the two tranches are the same at a 15-year life with an indicated 2¾ per cent coupon and par issue price. Fuji International Finance is lead manager with the syndicates reflecting the selling area. The bonds were trading around 106. Fuji Bank is also planning a SwFr 120m convertible issue.

In the Tokyo market the U.S. Student Loan Marketing Association is raising $100m through a five-year public issue, following the World Bank's opening of this "shogun" market. The terms were fixed at a 9¾ per cent coupon and 100¾ issue price. Daiwa Securities is lead manager.

More "shogun" issues, including an Australian dollar-denominated deal for Victoria, are expected, while the Asian Development Bank is likely to launch a Yen issue in the New York bond market.

The D-Mark Eurobond market continued its strong performance with price gains of ¼ to ½ point, while the domestic bond market showed an even better rise of up to 80 basis points.

The recent EEC and Finland issues were both trading above par, after being launched on Monday at 99. Buyers are finding paper in short supply.

Deutsche Bank launched a DM 35m issue with equity warrants for Teijin Seiki with a five-year life, and an indicated 3¾ per cent coupon. The issue was well received and traded around 105.

The firm D-Mark market spilled over into the European currency unit market, where there is also a shortage of new issues. Chase Manhattan went some way to relieving that problem by launching an Ecu 75m deal for Elf Aquitaine. The bonds mature after three years, a popular life in this market, and pay a 8⅛ per cent coupon. Issue price is 100⅛ and the bonds were trading at a discount within the 1 per cent selling concession.

Kredietbank Luxembourg is borrowing NZ$50m through a three-year issue led by Morgan Guaranty. This has a 17 per cent coupon and was priced at 100¼. Fees total 1½ per cent.

An issue which had planned a New Zealand dollar deal, Kone, the Finnish lift company, has moved its issue to the Australian dollar sector. Manufacturers Hanover led the A$30m five-year issue which pays a 13 per cent coupon and is priced at 100½. Traders offered the issue around the 2 per cent total fees.

Turnover was at a high level in the Swiss franc foreign bond market as buyers reacted to the continuing weakness of the dollar. Prices rose by around ¼ point. Dual-currency issues, however, were weaker, with the new deal from Kendall falling 2 points to 95.

UBS launched a SwFr 100m public issue for the Metropolis of Tokyo. This will have an eight to 10 year-life and the yield is indicated at 5½ per cent, terms considered right by traders.

In the Euro-Danish krone bond market the Finance Institute for Danish Industry launched its first public foreign bond issue raising DKr 300m.

Austrian bank to make new issue

ÖSTERREICHISCHE Länderbank, Austria's third largest bank, will next week launch the first bond issue for an Austrian bank aimed at foreign investors, writes Patrick Blum in Vienna.

The issue will total Sch 500m coming in two tranches; a Sch 270m eight-year zero coupon bond, and a Sch 230m eight-year 7¾ per cent bond.

A Swiss and West German bank will place the bulk of the issue outside Austria, although Austrian investors will be allowed to buy the bonds.

Professor Stephan Koren, the president of the Austrian National Bank stressed that the bank remains opposed to the creation of a Euro-Schilling market. However, the issue has been given the go-ahead partly to compensate for an increased flight of Austrian capital abroad and also to ease pressure on the sluggish domestic market.

Merger of Swedish banks to go ahead

By Kevin Done in Stockholm

SUNDSVALLBANKEN, Sweden's leading regional commercial bank, is to take over Uplandsbanken, a smaller compatriot, in an all-share deal worth around SKr 390m ($47.15m).

The new bank, which is to be named Nordbanken, will become the fifth largest commercial bank in Sweden. It will have total assets of more than SKr 21bn, a staff of 1400 and some 128 offices.

The bank's business operations will be concentrated in northern and central Sweden, reflecting the pattern of the two banks' existing business. However, Nordbanken's head office will be in Stockholm.

Under the terms of the deal shareholders in Uplandsbanken are to be offered 19 shares in Sundsvallbanken for every ten shares in Uplandsbanken. The deal has the support of both the Swedish Finance Ministry and the Bank Inspectorate. Joint operations are planned to start on January 1 next year.

The two banks said yesterday that the merger was a response to the rapid changes occuring in Swedish and international financial markets.

It was hoped that the new bank would have greater strength for three challenges:

● Demands for more sophisticated corporate services and for greater specialisation in the money and capital markets;

● Competition from the foreign banks expected in the Swedish market next year;

● Growing requirements for the automation of banking services.

Liberty Life again sees record profits

BY JIM JONES IN JOHANNESBURG

LIBERTY Life Association, South Africa's third largest life assurer, again achieved record income and profits in the six months ended June 30, 1985.

The first half's premium income rose by 35.9 per cent to R338.1m ($135m) from R248.7m in the corresponding period of 1984. The taxed profit from life insurance operations increased to R26.4m from 21.3m. In 1984 net premium income totalled R510.3m and the taxed profit was R47.4m.

Total assets rose to R4.88bn on June 30 from R4.10bn at the end of 1984 and R3.62bn at the end of June last year.

Mr Donald Gordon, the chairman, says that total new business premium income rose to R185m in the first half of this year, from a corresponding level of R116.3m in 1984. He says that the increase was due to an exceptional level of new group business being written, but warns this may not be maintained in the second half.

Transatlantic Insurance Holdings PLC Liberty's 75 per cent-owned British subsidiary, increased its interest in Capital and Counties, the property company, to 89.8 per cent from 29.7 per cent on August 1, but is to reduce this holding by selling shares to British investors.

First-half earnings rose to 170.0 cents a share from 143.4 cents, and the interim dividend has been raised to 125 cents from 104 cents. In 1984 earnings were 340.0 cents for the year as a whole and a total dividend of 250 cents a share was paid. Mr Gordon believes that this year's total dividend will be satisfactorily higher than last year's.

INTERNATIONAL COMPANIES and FINANCE

SIA sets share flotation timetable

Chris Sherwell in Singapore on the long-awaited privatisation of the world's 15th largest airline

SINGAPORE International Airlines (SIA), the island state's highly successful national flag carrier, aims to offer a minority of its shares to the public by November, and will include private placements in London, New York and Tokyo ahead of a listing in Singapore targeted for December.

Details of the offer, the first in a government "privatisation" programme promised earlier this year, were confirmed yesterday by Mr Lim Chin Beng, SIA'e deputy chairman.

"We have now set e timetable and will try to stick to it," he declared. "The schedule is not dependent on the state of the local stock market." The market has been persistently weak in recent months, reflecting Singapore's sharp economic downturn.

Mr Lim'e revelations end some confusion about the timing of the long-awaited offer, which is being handled by the government-controlled DBS Bank, but certain questions still remain to be settled.

The precise number of shares to be offered appears to depend on how many shares SIA staff will sell from their own stockholdings, either ahead of or at the time of the offer. SIA staff currently hold more than 23 per cent of the company'e issued capital of 249m S$1 shares.

The offer, of around 50m shares, will be preceded by a one-for-one bonus issue, and SIA staff holding partly-paid shares under a special scheme will have to convert them to fully-paid shares in order to claim bonus shares. DBS Bank will stand ready to buy unconverted partly-paid shares, whereupon this element of the staff share-owning scheme will lapse. If, as expected, staff sell many of their shares too, the effective number on offer will be much larger than 50m, Mr Lim indicated.

The Government is not expected to lose its majority shareholding in the company, although its current stake of 76 per cent will plainly be diluted by an unspecified amount. The stake is held by Temasek Holdings, one of the biggest government corporations.

To help the share offer, SIA will ask the Government to allow the Singapore public to buy the new shares with savings held in the Central Provident Fund. All employees in the island state contribute to the fund, and the SIA idea would follow a precedent set when shares were offered in Singapore Bus Service some years ago.

Bankers and brokers in the UK, U.S. and Japan are meanwhile lobbying hard to handle the proposed placements, all of unspecified size.

SIA appears determined to go ahead with the offer as a fixed price issue rather than a tender. Some bankers feel the latter might be more appropriate in light of the staff holding, but there is no precedent for this in Singapore. The fixed price course will mean staff who sell their shares can expect windfall gains because the offer price is likely to be at a premium.

This price will be difficult for DBS Bank to judge. Price-earnings ratios for publicly quoted airlines vary widely, while for shares generally on the Singapore stock exchange they are relatively high.

In terms of timing, progress has been hampered both by the decline in ths local stock market and by the complications of the staff shareholdings. SIA'e results for 1984-85, on the other hand, have been its best-ever—revenues above S$3bn (U.S.$1.35bn) for the first time, group after-tax profits up 28 per cent at S$179.5m—and currently there are no route disputes outstanding.

Skilfully marketed for its efficiency and its "Singapore Girl" hostesses, SIA is one of the top 15 world airlines, a position out of all proportion to the country's size.

Mystery suitor for Castlemaine Tooheys

By Lachlan Drummond in Sydney

CASTLEMAINE TOOHEYS, the Australian leading brewer, has received an approach from an unnamed company which the beer group says may lead to a rival takeover offer significantly above the A$1.1bn (US$777.1m) bid on the table from Bond Corporation Holdings.

The bid by Mr Alan Bond's company is pitched at A$7.50 a share. A significantly higher offer in the A$8 to A$9 a share range would cost from A$1.17bn to A$1.32bn.

Castlemaine would not reveal the identity of the potential rival but said it expected talks would be concluded by next Friday.

The acquisitive Adelaide Steamship group and larger mining houses seeking a relatively non-cyclical source of income have been suggested as potential buyers, while ACI International, the big glass bottle and building materials group, has ruled itself out of contention.

Castlemaine is 25 per cent owned by Allied-Lyons of the UK, which has yet to make clear its intentions.

Should another bid emerge it seems likely Bond Corporation would take profits on its holdings of some 18 per cent of Castlemaine'e capital. It has assembled its stake at around A$7.30 per share and at A$8 would show a profit of almost A$18m and at A$9 about A$44m.

Bond owns Swan Breweries.

Shares in Castlemaine moved 40 cents higher yesterday to A$7.90, with the company urging shareholders to take no action.

Izumi in U.S. ceramic engine venture

By Yoko Shibata in Tokyo

IZUMI Automotive Industry, a Japanese maker of diesel engine pistons and cylinder liners has tied up with Adiabatics, a U.S. engine venture company to help the Columbus, Indiana-based concern develop a ceramic-based diesel engine.

Izumi has obtained a 5 per cent stake in Adiabatics and will provide pistons, cylinder liners and other components for testing by the U.S. concern which is noted for advanced ceramics technology.

Adiabatics was established in 1983 by Mr Roy Kamo, a Japanese American who formerly headed research and development at Cummins Engine, the world's largest diesel engine maker. The U.S. company is working on the development of engines with heat insulation.

A ceramic engine has high heat resistance and the cooling system can be eliminated—unlike conventional engines it would require no radiator—thereby reducing the weight of the engine and simplifying the system.

The two companies have left open the possibility of joint manufacturing in the U.S.

Dunlop Zimbabwe doubles profit

BY TONY HAWKINS IN HARARE

DUNLOP ZIMBABWE more than doubled net profits in the first half of 1985 to Z$2.2m (US$1.35m) and the interim dividend has been raised from 1.7 cents a share to 2.5 cents a share.

The company, now controlled by BTR of the UK, said sales had risen 48.5 per cent to Z$34m because increased foreign currency quotae had meant that the group's Bulawayo factory had not suffered from the precious raw material shortages and had been able to work at maximum capacity.

This is very different from 1984 when Dunlop was forced into an extended period of short-time working by inadequate foreign exchange allocations with which to purchase raw materials.

In addition, Dunlop said the normal December-January maintenance shutdown had been deferred in order to meet a backlog of orders for tyres and tubes. As a result, production volumes had risen 41 per cent in the six months to June.

Higher tyre and tube prices announced in April will have a significant impact in the current half, according to Mr David Lewis the chairman. He said this would also provide the additional cashflow necessary to start on the first stage of the company's $17m expansion programme. This would enable Dunlop both to meet growing domestic demand for its products and compete for export orders in neighbouring countries.

Utico Holdings earnings slide despite sales gain

BY JIM JONES IN JOHANNESBURG

UTICO HOLDINGS, the South African tobacco and snack foods company which is a subsidiary of BAT Industries of the UK, increased turnover in the first half of this year but suffered a drop in profits.

Sales rose to R85.9m ($34.4m) in the six months to June from a corresponding 1984 level of R81m. The interim operating profit before tax and interest fell to R4.72m from R6.42m in the wake of reduced discretionary spending on mass volume consumer goods which was exacerbated by inventory reductions by wholesalers and retailers. A higher interest bill contributed to a reduction to R1.86m from R5m in the interim pre-tax profit.

Turnover was R170.3m for 1984 as a whole, operating income was R12.79m and pre-tax profits were R7.44m.

Mr Fred Haslett, the chairman, said the tobacco division performed satisfactorily despite the adverse effect of the rand's weakness on cigarette manufacturing costs.

First-half earnings were halved to 22 cents a share from 44.1 cents and the interim dividend has been cut to 7 cents from 10 cents. Last year a total dividend of 28 cents was declared from earnings of 70.1 cents.

Union Carbide India drops sale

BY R. C. MURTHY IN BOMBAY

UNION CARBIDE India has abandoned the proposed sale of its chemical and plastics plant near Bombay to Reliance Industries.

The company had reached agreement in 1983 with Reliance, which ranks among India's fastest growing companies, to transfsr the Bombay unit as a going concern for Rs 120m ($10.1m)

The deal was to have been completed by September 1984

The chemicals unit, one of the 14 plants owned by Union Carbide in India, maufactures ethylene, polyethylene and other petrochemicals.

INTL. COMPANIES & FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are *closing* prices for *August 22*.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅝	102½	+0¼	+0¼	10.33
Amex Credit 12⅝ 88	150	106½	107	+0¼	+0½	9.99
Atlant Richfld 10¼ 00	250	95	95½	+0⅛	+0⅞	10.90
Australia Com 11¼ 90	100	103	103⅛	+0⅜	+0⅜	10.79
Australia Com 11 95	200	102⅞	103⅜	+0⅝	+1⅞	10.46
BP Capital 11⅛ 92	150	102⅛	103	+0¼	+0⅞	10.49
Canada 11½ 90	500	104½	105	+0⅜	+0⅜	9.84
Canadian Pac 10¾ 93	100	100⅝	101⅛	+0⅛	+0¼	10.55
Canadian Pac 12½ 90	75	107	107½	+0¼	+0⅜	11.43
CBS Inc 11⅞ 92	100	103⅞	104⅜	+0½	+0⅞	10.61
Chevron U.S.A. 12¼ 89	600	105⅛	105⅝	+0⅛	+0½	10.56
Citicorp 11½ 90	150	101⅞	102⅜	+0½	+0¼	11.12
Coca Cola 11¾ 91	100	107⅞	108⅜	+0⅜	+0⅜	9.91
Denmark Kingdom 11¼ 89	100	102¾	103⅛	+0⅜	+0⅝	10.16
Denmark Kingdom 11½ 90	100	104⅛	104⅝	+0⅜	+0⅞	10.26
Denmark Kingdom 11½ 92	190	104⅛	104⅝	+0⅜	+1⅛	10.52
Denmark Kingdom 13¼ 91	100	111	111½	+0⅛	+0½	10.83
E.D.F. 10 92	225	98	98½	+0⅛	+1	10.33
E.E.C. 11⅛ 90	100	103⅜	103⅞	+0¼	+0⅝	10.04
E.I.B. 12 95	200	107	107½	+0¼	+0¾	10.74
Export Dev Corp 10 00	100	99⅞	100⅜	+0⅜	+0⅛	9.94
Export Dev Corp 12 89	190	106¼	106¾	+0⅛	+0⅝	10.00
Fed Dep Stores 10⅛ 95	190	96¾	97¼	+0⅛	+1	10.62
Ford Motor Cred 11⅛ 90	100	102⅝	103½	+0¼	+0⅜	10.50
Ford Motor Cred 11⅝ 95	100	102⅜	102⅞	0	+0¾	11.14
Ford Motor Cred 11⅝ 92	190	105⅜	105⅞	+0⅝	+1	10.93
Ford Motor Cred 12 92	100	105	105½	+0⅝	+1	11.05
Gen Elec Credit 10¼ 00	200	100⅞	101⅜	+0⅜	+0⅝	10.08
GMAC 10¼ 89	200	101	101⅛	+0⅜	+0⅝	9.91
IBM Credit 10⅜ 2000	300	101⅞	102⅜	−0⅜	+0¾	10.07
Japan Air Lines 13⅜ 94	100	†117¾	118¼	+0⅛	+1⅜	10.29
Kellogg Company 10⅞ 90	190	102⅞	103⅜	+0⅜	+0⅞	9.98
Kellogg Company 11¼ 92	190	103⅞	104⅜	+0⅜	+0⅝	10.31
L.T.C.B. 12⅝ 91	100	110	110½	+0⅛	+0⅞	10.52
Macy Cred Corp 11¾ 92	190	104¾	105¼	+0½	+1⅜	10.65
Mellon Bank 13 87	100	105½	106	+0¼	−0¼	9.73
Merrill Lynch 12¾ 89	190	105⅛	105⅝	+0⅜	+0¾	10.73
Minnesota 11½ 87	100	103⅝	104⅛	+0⅜	+0½	9.32
Mitsui Trust 11⅝ 90	190	102	102½	−0⅜	−0⅜	10.98
Morgan Guaranty 12⅝ 92	150	106⅞	107⅜	+0⅜	+0⅞	10.16
Penney J.C. 12¾ 91	100	108¼	108¾	+0¼	+0⅛	10.77
Pru Realty secs 12⅛ 95	546	106½	107	+0⅛	+1	10.91
Qantas Airways 10⅛ 95	140	98⅞	99⅜	+0½	+0⅞	10.51
Quebec Hydro 11½ 92	100	103⅛	103⅝	0	−0⅛	10.78
Queensland Govt 10¼ 95	100	97⅜	97⅞	+0¼	+0¾	10.65
Ralston Purina 11⅝ 95	150	104¾	105¼	+0⅜	+1	10.87
Ralston Purina 12¾ 89	100	108	108½	+0⅜	+0¾	10.19
Saskatchewan 10¾ 92	190	102	102½	+0½	+1⅜	10.23
Saskatchewan 11⅞ 89	100	105¾	106¼	+0⅜	+0¾	10.03
S Wales Tray 11¾ 90	150	105½	106	+0⅜	+0⅞	10.12
Swed Exp Cred 10 92	100	97¾	98¼	+0⅛	+0⅝	10.41
Swed Exp Cred 12¾ 89XW	100	107⅝	108⅛	+0¼	+1	10.27
Sweden Kingdom 10⅞ 90	200	102¼	102¾	+0⅜	+0⅝	10.18
Sweden Kingdom 11½ 89	200	104⅜	104⅞	+0⅜	+0⅛	10.08
Sweden Kingdom 11¾ 94	100	105⅜	105⅞	+0½	+1	10.74
Tenneco Corp 10¾ 90	150	100½	101	+0⅛	+0⅝	10.61
Texaco Capital 11⅛ 95	250	101½	102	+0⅜	+1	10.81
Tokai Asia 11½ 95	100	102⅝	103⅛	+0½	+1	10.99
Victorian Rep 11⅝ 92	150	104⅝	105⅛	+0⅜	+0⅞	10.65
World Bank 12¼ 94	150	105½	106	+0⅜	+1⅛	10.89
World Bank 12⅞ 94	200	112	112½	+0⅛	+1½	10.69

Average price change On day +0¼ on week +0¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	107⅛	107⅞	+0¼	0	6.86
Austria Republic 7⅝ 94	200	106⅜	106⅞	+0⅜	+0⅞	6.71
Baxter Travenol 7¼ 94	200	102⅞	103⅝	+0¼	+0¼	6.73
Copenhagen 7⅝ 95	150	101⅝	102⅜	+0⅛	+0¼	7.87
Credit National 8⅛ 94	200	107⅞	108⅝	+0¼	+1	6.90
E.I.B. 7¼ 94	300	103½	104	+0⅜	+1⅛	6.68
Escom 8 92	150	96⅞	97⅝	+0⅝	+0⅞	8.89
Ex-Im Bk Korea 7⅝ 89	100	99¼	99¾	+0⅜	+1	7.74
Ferrovie Dello Stato 8 91	100	107½	108¼	+0⅞	+2⅝	6.38
Finland Republic 7 92	200	101⅝	102⅜	+0¼	+0½	6.60
Gould Int Fin 7⅛ 91	100	105½	106¼	+0⅛	+0⅞	6.36
Ireland 8⅛ 92	150	106⅛	106⅞	+0½	+0⅞	6.88
Japan Fin Corp 7⅝ 91	100	105¾	106½	+0⅛	+1⅜	6.34
Mitsubishi Hvy 3½ 89XW	300	93¼	94	0	+0⅞	5.49
Mitsubishi Met 3⅛ 89WW	100	107½	108½	+1¼	+2⅞	1.22
Mitsubishi Met 3⅛ 89XW	100	90⅞	91⅝	+0⅛	+1⅛	5.44
Quebec Hydro 7⅝ 95	200	103⅛	103⅝	+0⅜	+1	6.64
Renfe 7¾ 95	100	104⅜	104⅞	+0⅜	+0⅝	7.07
Renown 3⅛ 90	80	107¼	108¼	+1½	+1¼	1.45
Soc Cent Nucleair 7⅛ 95	150	101½	102¼	−0⅛	+0⅝	6.98
Societe Cent Nucleair 8 91	100	107	107¾	+0¼	−0⅝	6.44
Sth African Tran 7⅞ 92	100	94⅛	95¼	0	+0⅛	8.89
World Bank 7¾ 89	100	103⅜	104⅛	+0⅛	+0¼	6.49
World Bank 8 94	200	107⅝	108⅜	+0¼	+0½	6.72

Average price change On day +0⅝ on week +1⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¾ 94	100	†101¾	102	+0¼	+0¼	5.98
Avon Cap Corp 5⅝ 94	130	†99	99¼	0	0	5.49
Brit land Comp 6½ 98	75	†104	104¼	+0¼	+0⅜	5.90
Council of Europe 6 92	120	†104	104¼	+0½	+1¼	5.30
Creditanstalt 5½ 94	100	†99	99¼	+0½	+0½	5.62
Deutsche Bk Fin 5⅛ 95	100	†101	101¼	0	0	5.22
E.I.B. 5⅞ 94	120	†101¾	102	0	+0½	5.60
Export Dev Corp 5⅝ 92	125	†101¼	101½	+0¾	+0¼	5.14
Gen Occidentale 4½ 94	80	†104½	104¾	+1¼	+1	3.90
I C Industries 5⅝ 94	125	†100½	100¾	+0½	+0⅛	5.53
Ind Fund Fin 5¾ 94	40	†101½	101¾	+0¾	+1	5.52
Int-Am Dev Bk 6⅛ 94	120	†102	192	+0⅞	−0⅝	5.76
N.Zealand steel 5¾ 96	70	†*99	99¼	+0⅜	−0¼	5.85
Oberos Kfwk 5⅜ 95	100	†98¾	99	+0½	+0¾	5.53
Ralston Purina 5⅜ 94	125	†100½	100¾	−0⅛	−0⅛	5.28
Santos Finance Ltd 6 94	130	†89	92¼	0	0	6.72
Tokyo Elec Pwr 5½ 93	120	†100	100¼	0	+1½	5.47
Tokyo Metropolis 5¼ 94	80	†98½	98¾	−0½	−0¼	5.44
World Bk 5¾ 94	150	†101	101¼	−0¼	0	5.59

Average price change On day +0¼ on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 89	15	100⅝	101⅛	+0⅛	+0⅜	6.52
Gdyr Tr & Rubber 7⅛ 95	25	99¼	99¾	+0¼	+0⅜	7.19
Mort Bk Denmark 7 92	10	100⅜	100⅞	+0⅛	+0⅛	6.87
New Brunswick 7⅛ 95	10	102	102½	+0½	+0⅛	6.80
Swed Exp Cred Zero 89	14	72¼	72¾	+0¼	+0⅛	8.51

Average price change On day +0¼ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com 12⅞ 90SA	125	100⅝	101⅝	−0½	−1⅝	12.54
Citicorp Aust 13½ 88SA	40	100¾	101¾	−0⅛	−0½	12.82
CSR Finance 13¼ 90 SA	40	99¾	100¾	−0⅛	−0⅜	13.15
Nissho Iwai 13¼ 90 SA	30	100⅛	101⅛	−0⅛	+0⅜	13.04
Amex 10¾ 89 CS	50	101	101½	+0¼	+0¼	10.28
Genstar Fin 11¾ 95 CS	75	99⅜	99⅞	+0⅜	+0⅜	11.98
Hamil-Wen'th 10¾ 95CS	25	†95⅞	96⅝	+0⅛	+0½	11.37
Loblaw Cos 11⅝ 92 CS	50	†100⅝	101⅛	0	+0¾	11.41
New Brunswick 11⅝ 95CS	75	†102¼	102¾	+0⅜	+1¼	11.17
Shell Canada 11¼ 92 CS	75	101¼	101¾	−0¼	+0⅞	10.92
Winnipeg City 10¾ 90CS	50	100⅛	100⅝	0	+1⅛	10.51
BP Capital 16 90 NS	50	99½	100½	+0⅛	+1	15.97
Danish Ex Fin 16⅛ 90NS	40	95⅛	96⅛	−0⅛	−0¾	17.40
KB Bnoa 16⅝ 90 NS	50	98	99	+0⅛	+0¼	16.82
Creditanstalt 8⅞ 94ECU	68	98⅞	99⅝	−0⅛	+0⅜	8.98
Motorola 8⅞ 92 ECU	50	98	99¾	+0⅛	+0⅜	9.09
Philips Intl Fin. 9 93 EC	75	103	103¾	0	+0¼	8.38
Eurofima 7½ 92 FL	90	104¾	105¼	+0⅛	−0⅛	6.54
Philips Lamps 7½ 90 FL	190	104¾	105¼	0	0	6.23
Rank Xerox 8 90 FL	190	104¾	105¼	0	0	6.71
Van Lanschot 7½ 90FL	50	102⅝	103⅛	0	+0⅛	6.77
World Bank 7½ 90 FL	190	104⅛	100	−0⅛	+0⅜	6.30
IBM France 11⅛ 90 FF	700	100	100⅛	+0⅛	0	11.04
Amer Express 11⅝ 92 £	30	102¼	102¾	0	−0⅛	10.90
Australia Comm 11 92 £	40	99⅞	100⅜	+0⅛	+0½	10.94
BP Capital 10¾ 92 £	50	99⅛	99⅝	0	+0⅝	10.87
E.I.B. 11½ 93 £	50	100⅜	100⅞	+0⅛	+0⅛	10.97
GMAC UK Fin 10½ 90 £	30	98½	99	0	0	10.93
Imp Chem Inds 11¼ 92 £	75	100½	101	−0⅛	+0¼	11.12
Inco 12⅝ 93 £	50	103⅛	104¼	+0⅜	+0⅜	11.00
Mcdonalds 10⅞ 90 £	40	99⅞	100⅜	0	+0⅝	10.86
Privatbanken 11⅛ 92 £	30	100	100½	0	0	11.78
Rank Xerox 11 92 £	40	99¼	99¾	+0⅛	+0¼	11.08
Royal Trustco 11⅝ 89 £	30	100¼	100¾	0	+0⅛	11.19
Star Drug Cap 10¾ 90 £	30	99⅜	99⅞	0	+0¼	10.94
Tricentrol XW 11 92 £	35	94¾	95¼	0	−0⅛	12.10
Trusthouse Forte 11⅛ 90£	50	99¼	99¾	0	+0⅛	11.23
World Bank 11¼ 90 £	190	102⅝	103⅛	+0⅛	+0⅛	10.74
E.C.S.C. 10⅛ 94LF	100	103¼	104¼	+0⅜	0	9.85
Net Lux Alum 10½ 92 LF	600	104½	105½	+0¼	0	9.49

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¾ 92	0	99½	99¾	27/8	8.6	8.63
BankAmerica O/S 5¼ 90	0⅛	99⅞	100⅜	3/9	8⅛	8.11
Bank of Montreal 5 90	0⅛	100⅝	100⅞	29/10	8.31	8.25
Bankers Trust 5 2000	0	99⅝	99⅞	11/8	7.69	7.71
Bankers Trust 5¼ 96	0⅛	100¼	100½	13/11	8.31	8.28
B.F.C.E. 5¼ 99	0⅛	100¼	100⅛	13/9	10.06	10.02
B.N.P. 5¼ 90 (July)	0¼	100	100¼	22/1	8¼	8.24
C.C.F. 5¼ 97	0	99⅞	100⅛	22/9	10⅝	10.63
Chase Man'tn 5 2000	0	99⅝	100⅛	12/11	8⅛	8.14
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅜	5/9	7.81	7.80
Citicorp O/S 5¼ 98 Sep	0⅛	99⅝	99⅞	19/12	11.10	11.22
Credit Lyonnais 5¼ 90	0⅛	100¾	101	11/10	9.69	9.60
Ireland 5¼ 97	0	100⅛	100⅜	26/10	9.59	9.56
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.98
Italy, Republic 5 94	0⅛	100	100½	22/11	8⅞	8.85
Lloyds Bank 5¼ Perp	0¼	92⅞	100⅜	9/12	8	7.98
Midland Bank Perp 5	0¼	92½	100	19/12	8⅛	8.15
Nat West Perp 5	0⅛	101⅛	101⅜	13/11	8⅛	8.01
Nat West Perp A 5¼ S	0¼	99½	99¾	9/1	8¼	8.28
Nat West Perp B 5¼ S	0¼	99⅝	99⅞	10/2	8.91	8.85
Queensland Coal 5¼ 96	0¼	100⅝	100⅝	12/11	9	8.96
Roy Bk Canada 5 2005	0⅛	99⅜	92⅞	5/9	8⅛	8.16
Roy Bk Scot 5¼ 2005 £	0	99¼	99½	1/11	11.69	11.76
Sweden Perp 5¼	0⅛	100	100¼	9/1	8.31	8.30
Tokai 5¼ 99	0⅛	100¼	100⅛	12/12	8⅛	8.09

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.84	118	119	−0¼	5.89
Fanuc 3¾ 98	1/84	7032.3	144⅛	145⅝	−0⅝	30.21
Fujitsu 3 99	5/84	1320.9	79⅛	80½	−0¾	20.91
Kumagai Gumi 3½ 2000	3/85	600	152	153¼	+2	2.48
Marui 3½ 99	7/84	1162	123	124	+1⅞	2.86
Mitsubishi Elec 2⅞ 00	3/85	422	91¼	92¼	−0⅝	−0.03
Murata 3½ 99	2/84	2351.2	84½	85½	−0¼	33.86
Murata 3½ 2000	7/84	2398	83⅝	84⅝	−0¼	36.10
Nippon Elec 2¾ 2000	1/85	1295	80⅛	81⅜	−2¾	19.63
Nippon Oil Co 3 2000	5/85	923	102½	103½	−0½	5.37
Nippon Oil Co 3¼ 99	3/84	1052	†103	104	+1	31.12
Oki Elec Ind 3½ 99	10/84	805	85⅞	87⅛	−0¼	31.02
Orient Leasing 5¼ 98	6/83	2880	95¾	97¼	+2½	−0.41
Sekisui House 3 99	6/84	812	130⅝	130⅝	−1⅛	−0.93
Sony Corp 2 2000	5/85	4578	86⅝	87⅝	−0¼	4.86
Sumitomo Corp 2¾ 99	5/84	593	120⅛	121⅜	0	0.34
Taiyo Yuden 3¼ 2000	3/85	1078	85	84½	+0⅛	−1.68
Takeda Riken 3⅛ 2000	10/84	7063	†79	81	+1½	44.20
Tokyo Sanyo Elec 3½ 99	12/84	772	88⅛	89⅛	0	5.15
Toshiba Ceramics 3 2000	4/85	1734.2	83⅝	84⅞	−0¾	14.72
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†105¼	105½	0	20.67
Nippon Shinpan Co 2 92 SF	3/84	801	†98½	99	−0⅜	15.29
Apicx 5 92 DM	12/83	520	107⅝	108⅝	+1¾	25.33
Sum Realty 6¼ 92 DM	2/83	338	203⅝	204⅞	−4⅝	−3.59

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cn. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Boliden sharply lower in half

By David Brown in Stockholm

BOLIDEN, the Swedish metals, minerals and chemicals group, has posted a sharp drop in earnings of 26 per cent after financial costs to SKr 185m ($22.3m) in weak markets for the first six months. The group has been forced to write down its earnings estimate for the full year.

Uncertainty in the world's metals markets and weakening prices, especially for lead, silver, copper and zinc, suggest 1985 results will only reach some SKr 200-250m, said Mr John Dahlfors, the managing director, who had previously forecast a result of as much as SKr 400m.

Turnover was stagnant at SKr 3.02bn, while operating costs climbed by 3 per cent to SKr 2.67bn. This was partly because of disruption in productioo stemming indirectly from prolonged public sector strike in Sweden as well as the harsh winter. The operating result after depreciation fell by SKr 81m to SKr 201m.

● Esab, the world's leading manufacturer of welding equipment, reported a 48 per cent rise in pre-tax profits to SKr 99m ($11.9m) for the first six months against the SKr 67m achieved during the same period last year.

Turnover climbed 29 per cent to SKr 1.99bn, yielding an operating result after depreciation of SKr 148m, up SKr 41m. Net financial costs advanced SKr 9m to SKr 49m, while order intake went up 27 per cent to SKr 2.04bn.

Late last year, ESAB agreed to buy the welding activities of Philips of the Netherlands after a number of large purchases from Britain's BOC group. This capped a four-year acquisitions spree aimed at securing a dominant position on the crowded world market.

Veba sees earnings improvement

By Our Financial Staff

VEBA, the West German energy conglomerate, has forecast higher profits for 1985, and hinted at a possible increase in the dividend.

Net profits for the first six months improved to DM 245m ($88m) against DM 221m for the comparable period last year. Sales have moved up from DM 24.7bn to DM 25.7bn.

For the whole of 1985, Veba expects net earnings to outstrip the DM 896.9m of 1984. It says at this point that the dividend should at least match the DM 7.50 paid last year.

Sales of group production units rose 6.9 per cent to DM 16.1bn in the half year, while turnover of the services group at DM 9.61bn was virtually unchanged.

The general economic uptrend in Germany as well as improvements in group structure contributed to the earnings improvement in the half year, Veba said.

Dutch paper group lifts income by 72%

BY LAURA RAUN IN AMSTERDAM

BUEHRMANN-TETTERODE, the diversified Dutch paper group, boosted its net income by 72 per cent to Fl 18m ($5.76m) in the first half and announced a rights issue to strengthen its equity base.

The Amsterdam-based company said that proceeds of the rights issue will be used to finance further growth following the robust performance in the first six months and record profits last year. Buehrmann-Tetterode has recovered nicely from a low point in 1981 when the company lost Fl 34m.

Earnings for all of 1985 are expected to comfortably surpass Fl 50m, Buehrmann-Tetterode said, marking another high point. Cost efficiencies achieved in recent years plus a continuation of the economic recovery are seen as buoying the second half as well.

Sales rose a modest eight per cent to Fl 1.6bn in the first half, held back in part by stagnant turnover in the trade publishing sector.

The company's general interest book publishers are faced with declining demand while the toy group has not felt the full benefit of the economic upturn.

In the first half, the graphics equipment and paper/packaging divisions performed better than the trading/publishing division. Turnover and order books both grew in the graphics equipment sector, where structural costs have been trimmed.

Fleet sales obscure Horizon loss

OPERATING losses at Horizon Travel, holiday operator, rose sharply in the first half of the 1984-85 year, but the policy of selling aircraft as part of the fleet re-equipment programme brought an exceptional gain of £13.71m and left profits at £10.7m pre-tax.

This compares with a deficit of £930,318 for the period of May 31 last year, when no aircraft were sold. Operating losses in the period under review came to £3.62m, and the directors say that the difficult trading conditions so far experienced will reduce operating results for the full year.

The interim operating loss was well up on the most pessimistic of City estimates, which had not suggested a deficit of more than £2.5m.

As a result of substantial price increases following the weakness of sterling last year, and other factors, the inclusive tour market has shown a sharp reduction in the present summer, and Horizon has lost some market share since last summer's record level of bookings. Turnover for the half year fell from £54.51m to £45.58m and for the winter period 107,000 holidays were sold with a load factor of 88.4 per cent.

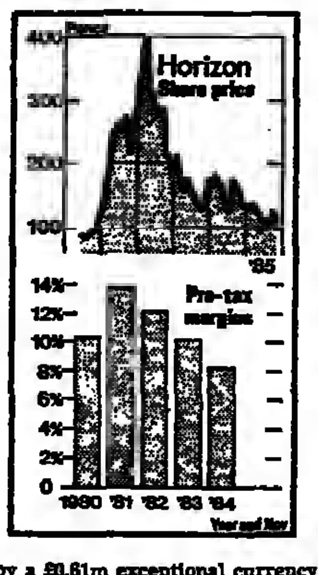
However, the directors say that with the renewed strength of sterling and the continuing bad weather in the UK, there has been recent heavy demand for late holiday availability.

Since the half year end Horizon has concluded arrangements with brewers Bass to establish a joint venture, Bass Horizon Hotels. The directors say that this has added further strength to the balance sheet and value to shareholders' funds, which stood at £54.16m on May 31 (£36.67m).

They add that the policy of the group is to be totally competitive in price and all other terms in a market expected to grow strongly, partly because of the stronger pound.

The new wider range of winter brochures has been well received. Summer 1986 will see a continuing widening of the range of Horizon products.

The half year was also boosted by a £0.61m exceptional currency gain (nil), and a tax credit of £139,909 (credit £325,611), for a net profit of £10.84m (loss £604,707) or earnings of 25.68p per share (loss 1.41p).



The interim dividend is unchanged at 0.88p — last year Horizon paid a total dividend of 4.4p from taxable profits of £12.62m.

Highlights from the balance sheet show net assets per share at 128p (87.4p) and cash in hand at £29.27m (£24.09m).

The aircraft sold were two Boeing 737-200. Four new Boeing 737-300 series joined the Orion fleet, which now comprises four 300 series 737's and five 200 series 737's. Of this fleet, five aircraft are fully owned with a current market value of around £50m.

The Bass joint venture, with total net assets of £38m, now controls the three Spanish hotels and the Pueblo Indalo complex formerly owned by Horizon, together with ten holiday clubs contributed by Bass Holidays. Upon completion by the end of 1986 of the projects now under development by Horizon at Mojacar, Nerja, and in Menorca, Bass Horizon hotels will have a total capacity of 12,000 beds.

See Lex

Garfunkels advances 72% in first half

THE expanding Garfunkels Restaurants group increased pre-tax profits by 72 per cent from £698,000 to £1.2m in the six months to June 30, 1985. This includes a full half-year contribution from Strikes Restaurants, acquired in October 1984, while comparisons have been adjusted. Turnover was up to £9.9m from £7.6m.

The directors say current figures give them every reason to believe 1985 will be another good year for the group, which lifted pre-tax profits to £2.1m for 1984, including Strikes. Without Strikes the figure was £1.7m. For 1983, the respective figures were £1.38m and £756,000.

The interim dividend is again 0.215p, adjusting for a one-for-one scrip issue. Dividend waivers by certain executive directors amount to £15,050.

Tax deductions were £414,000 (£145,000) and there was an extraordinary credit of £38,000 (nil), leaving £827,000 (£553,000). Earnings a share were 2.8p (2.1p).

The board describes the results as very satisfactory. It says the refurbishment and conversion of Strikes' 22 restaurants, mainly into Deep Pan Pizza houses, is nearly complete. All the restaurants are in the West End.

In addition, four new restaurants have been opened and suitable sites are being sought for further expansion.

● comment

On the face of it, with so many Americans in London, it is hardly surprising that an American-style chain of eating houses is doing well. But it would be wrong to make light of the success of Garfunkels Restaurants when the group competes in a market where rivals and imitators seem to be two a penny. Garfunkels' special skills appear to be first in keeping in close touch with fashions for different kinds of eatery—among tourists and Londoners alike — and secondly in paying attention to the choice of site. These considerations lie behind last year's acquisitions of Strikes, with many Strikes restaurants, in very similar locations to Garfunkels', already converted to new formats, primarily Deep Pan Pizza Company eateries. For the current year, profits of at least £2.8m pre-tax look likely, putting the shares, unchanged at 136p, on a multiple of 19 on a 30 per cent tax charge. This high rating seems justified, bearing in mind that this year's figures bear the cost of refurbishing and renovating Strikes. Next year £4m pre-tax would be a reasonable target.

BPCC taps international capital market for $100m

BY ALEXANDER NICOLL

British Printing & Communication Corporation, headed by Mr Robert Maxwell, yesterday launched a U.S.$100m (£72m) bank credit facility, the company's first venture into the international capital markets.

Though the facility is denominated in dollars, it may be drawn down in any tradeable currency for three and six-month periods over its seven-year life. Credit Suisse First Boston is arranging the deal with Hill Samuel as co-arranger.

The loan follows hard on the heels of an £80m loan raised from international banks earlier this month by Pergamon Press, Mr Maxwell's private company, which owns 81.6 per cent of BPCC.

BPCC plans to spend about £60m on 20 colour printing presses for national newspapers including Mr Maxwell's Mirror Group Newspapers. It has said this spending would be financed mainly through leases on the security of contracts to print the newspapers.

The credit is structured principally as a bank loan but with some of the features of "securitised" loans which have become popular in the Euromarkets.

About a dozen banks are expected to participate as committed lenders, effectively providing a backstop to ensure that BPCC has access to funds at any time with a guaranteed maximum interest rate spread.

Another 40 or so banks will be asked to join a tender panel. When BPCC wants to make a drawdown, all the banks would be asked to bid competitively, hopefully enabling BPCC to borrow more cheaply.

The advances are transferable, meaning that lenders can pass on the asset to another bank.

Interest rates and fees were not disclosed, but bankers involved in the deal said the overall cost to BPCC was broadly in line with those for Pergamon Press.

Pergamon is believed to have obtained a ⅛ percentage point spread over London interbank offered rates for the first four years and ⅛ for the remaining three years, with participation fees in addition.

Dale Electric tumbles £1.6m

FAILURE TO achieve the expected second half improvement has left the Dale Electric International group with a £1.62m reduction in pre-tax profits for the year ended April 28 1985.

Prospects are brighter, however, for this maker of power systems, although there is still pressure on margins. And the dividend is being held at 4.5p net per share, with a final of 3p.

Profits in the second half came to only £179,000, compared with £858,000 in the corresponding period last year, producing a year's figure of £544,000 against £2.16m.

The fall in first half profits reflected a carry over from the weaker second half of the previous year, with the root cause being the lack of demand in export markets at a time when exchange rates were favourable. The directors were looking for a marked improvement in the second half of 1984-85 as the order book was high, but conceded that the profit would not equal 1983-84.

They report now that the increases in interest rates last January added greatly to costs at a time when the Leeds factory, dealing exclusively in high value units, was holding high stocks during its busiest time ever.

The second half also saw more than a normal share of long gestation contracts at the Filey works, straining cash resources for the period and creating this "most unwelcome charge."

Group turnover for the year showed a reduction from £37.8m to £36.1m, from which the trading profit came to £1.56m, against £2.85m.

Problems encountered in the second half are now largely passed, the directors state, and at the end of the first quarter invoicing for the new year is up by 23 per cent on last year's equivalent, and order intake is increased by 35 per cent. Both interest rates and the company's need for excessive borrowings are down.

After tax £111,000 (£206,000) and minorities £11,000 (£7,000), earnings for 1984-85 are shown to be 3.17p (14.69p).

● comment

When turnover and profits took a tumble at the half-way stage, Dale Electric said the worst was over and that the second half would see a marked improvement. In a sense it was right: trading did recover sharply but the gains were more than wiped out by the surge in interest charges. The problem was at the Leeds factory where the winning of orders to supply large generating sets to some major overseas projects brought severe cashflow pressures. Dale is more an assembler than a manufacturer: some 75 per cent of the price of these generating sets is represented by bought-in components and contract delays combined with build-up of work in progress caused a large increase in stocks. These difficulties had already been discounted by the market and the shares were unchanged at 65p. Dale speaks of a surge in orders and says it expects to have borrowings down from £5.5m now to £3.5m by the year end. Profits of well over £1m seem likely—still well short of the £2.2m in 1984 but heading in the right direction. The big attraction in the shares remains the yeild, steady at 10 per cent.

Miss World shows 8% improvement

THE Miss World Group, chaired by Mr Eric Morley, raised its first-half pre-tax profits by 8 per cent and with current trading up to budegt the outcome for the year should be satisfactory.

The main trading events, the Miss World and Miss United Kindom contests, occur in the second six months, the more profitable period.

Pre-tax profits for the first half of 1985 pushed ahead from £141,900 to £153,300 from a turnover £33,400 higher at £382,200.

With earnings showing an improvement of 0.44p at 4.3p the interim dividend is being increased from 1.1p to 1.2p net per 10p share.

Higher operational costs were encountered as the period included negotiation to obtain new sponsorship of the Miss England, Scotland and Wales and Miss United Kingdom contests and a new contract for the exploitation of the TV rights in the U.S.

Mr Morley says these successful negotiations should result in additional income next year and enable the group to meet its budget targets for 1985.

The group also successfully negotiated a new three-year agreement with Thames Television for the televising of its contests for the period 1986 to 1988 inclusive.

Stone continues expansion with £6m acquisition

BY DAVID GOODHART

Stone International, systems engineering group, has bought 75 per cent of the Wolverhampton-based heating and air conditioning group, Andrews, for £6m.

The deal will be financed through a £3m vendor placing underwritten by N. M. Rothschild at 149p a share, Andrew's acquisition of £2m worth of new Stone shares and £1m of 7 per cent unsecured loan stock. Stone's share capital is expanding by 3.2m—about 10 per cent.

The remaining 25 per cent of Andrews will be held by Mr John Andrews, chairman, his wife, and Mr Eric Johnson, the managing director. Stone will have the option to buy the 25 per cent stake in September 1987 and 1989 at a price related to profit performance.

Mr Robin Tavener, chief executive of Stone, said the acquisition is a further step in a planned programme to build up an international energy systems business. The businesses, he added, would be complementary, creating a £50m energy systems division.

Andrews, which employs about 440 people, made a profit of £1.8m to the year end April 30 1985 on a turnover of £17.5m, benefiting in particular from the miners strike. The hire sales and service activities are run through 19 service centres in the UK and one in Holland.

Stone, which was listed last October and has grown fast through some major acquisitions, made a pre-tax profit of £7.34m to the year ended May 31 on turnover of £78m. Market capitalisation is £54.8m.

Stone's share price remained unchanged at 159p last night.

BOARD MEETINGS

TODAY

Interims: Ault and Wiborg, Johnson Group Cleaners, Pacific Assets Trust, Sandvik Aktiebolag.

Finals: Harvey and Thompson.

FUTURE DATES

Interims—	
Bosse Massimi Pollitt	Sept 24
Brammer	Sept 3
Cattle's	Aug 29
Ex-Lands	Aug 29
Gold and Base Metal Mines	Aug 29
Hepworth Ceramic	Sept 12
Low and Bonar	Sept 0
Morgan Crucible	Sept 12
Stewart Wrightson	Sept 18
Sun Alliance and London Insurance	Sept 4
Finals—	
Assocd. British Engineering	Sept 4
Bracken Mines	Sept 5
Kinross Mines	Sept 6
Minerals, Oils and Resources Shares Fund	Sept 3
Pacific Sales Organisation	Sept 4

Heaney spells out reason for Saxon vote

Mr John Heaney, the chief executive of Saxon Oil who was among the minority of directors who voted against recommendation of the £121m bid from Enterprise Oil, has formally distanced himself from the board's decision.

In a diplomatically worded letter sent to shareholders yesterday, Mr Heaney made clear that he felt he could not recommend the Enterprise terms because the price offered—540p in cash with a part-share alternative—"was at too great a discount to the company's assets."

Before the Enterprise intervention, Saxon had agreed terms for a merger with Charterhouse Petroleum, and the chief executive made it apparent in the letter that he still considers this to be the best option.

"Saxon shareholders have before them two proposals which cannot readily compare. One offers those shareholders who wish to do so an opportunity to sell their Saxon shares for cash . . . the other gives the opportunity to retain the full value of Saxon's assets and its complete management team."

The proposed merger has won acceptance from only 36.4 per cent of Saxon shareholders. Yesterday Enterprise announced that it had bought more Saxon shares in the market at the offer price, to bring its current stake to 17.07 per cent.

Dewey Warren expects to maintain upward trend

Dewey Warren Holdings, USM-quoted Lloyd's insurance broker, has increased taxable profits from £685,000 to £799,000 for the half year ending June 1985.

The directors say that earnings have increased strongly in recent years and the pace of increase is likely to slacken. However, they expect profits in the second half to maintain an upward trend compared with the same period last year. For 1984 total profits achieved rose by 63 per cent to £1.18m (£724,000).

The interim dividend is lifted by 0.5p to 2.5p. Last year's total was 7p. Stated net earnings per 10p share are shown up from 8.2p to 10.1p.

During the second half of 1985 a new department specialising in European treaty reinsurance will begin operating.

Established departments are expected to show continued strength, especially in reinsurance of health care and marine business. However some classes of non-marine business are now very difficult to place, and the exchange rate is less favourable, they add.

For this half net brokerage income amounted to £1.56m (£1.2m), after direct expenditure of £650,000 (£638,000).

The pre-tax result includes other operating income of £20,000 against £27,000, and higher interest received from deposits of £368,000 (£311,000).

Tax amounted to £355,000 (£383,000).

Distillers' chief gets £68,000 rise

Mr John Connell, chairman of the Distillers Company, received a £68,000 pay rise to £116,000 in 1984-85, a year that saw group pre-tax profits surge from £191.6m to £236.2m.

The current year, helped to some extent by orders which could not be shipped before the end of March, has started with a strong first quarter in terms of overall sales volumes.

In his annual report Mr Connell tells shareholders that it is too early yet to give a firm indication of the year's results as a whole in view of such uncertainties as the fluctuating dollar/sterling exchange rate, the impact of the FET increase in the U.S. and other factors beyond the directors' control.

However, he does expect sales by volume to exceed those for the past year, when group turnover showed an improvement from £1.13bn to £1.27bn, including Excise duty. Distillers is the world's largest whisky producer.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
John Beales	2.8	—	2.5	4	3.65¶
T. F. Braime ... int.	1.5	—	1.5	—	3
Dale Electric	3	Oct 14	3	4.5	4.5
Dewey Warren‡ ... int.	2.5	Oct 1	2	—	7
Garfunkels ... int.	0.22	Oct 18	0.22*	—	0.65*
Horizon ... int.	0.88	Oct 11	0.88	—	4.4
Humberside Electronic‡	0.1	—	Nil	0.1	Nil
Miss World‡ ... int.	1.2	Oct 11	1.1	—	3.6
Plasmec‡ ... int.	1	Dec 6	—	—	—
Press Tools	1.75	—	1.35	2.65	2.15
Sunbeam Wolsey‖ int.	1	Oct 14	1	—	4

Dividends shown in pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ For 63 weeks. ‖ Irish currency.

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UK COMPANY NEWS

Milbury investigation call postponed by further allegations

BY DAVID GOODHART

MR CHRISTOPHER WHITMEY, a minority shareholder in the troubled building company, Milbury, was yesterday granted a 24-hour adjournment of his application for a Department of Trado investigation into tho company. Mr Justice Scott will hear the case today.

Mr Whitmey asked for the postponement in the light of new evidence concerning the disposal of a 75.7 per cent share in the company held by St Piran—a private company owned by financier Mr Jim Raper.

Mr Whitmey is alleging that St Piran's Milbury stake—worth £9.7m according to the 1984 accounts—was recently sold to Poco Properties of Manchester for £1. Ho also alleges that before the sale of the stake the Westminster Property Group (acquired by Milbury for £9m in 1983) was transferred to St Piran in breach of section 320 of the 1985 Companies Act.

In addition he believes shareholders have not been kept fully informed according to tho law and Stock Exchange and Takeover Panel regulations. Milbury's shares were suspended on Tuesday at 18p.

Counsel for the Department of Trade and Industry said they would not oppose tho application which is supported by Milbury's new owners Poco.

Mr Whitmey, a 47-year-old management consultant and born-again Christian from Herefordshire, has taken a close interest in Mr Raper's affairs since 1978. Mr Raper became a "bete noir" of tho City establishment as a result of a long-running takeover row—but was rehabilioted in 1983.

Mr Whitmey also told the court yesterday that before Poco bought Milbury there had been a conditional contract between St Piran and Heart of England, a Leamington-based building company, for the acquisition of Milbury at 50p a share.

He cootinued: "Heart of England reached a further agreement with St Piran on August 13 to buy the stake for 2p a share. St Piran telexed acceptance on August 14 and completion was due oo the 15th. When tho solicitors arrived they were told the deal was off."

Mr Whitmey clearly believes that the best way to protect minority shareholder interests is to reverse the moves that have taken place and revive an ogreement with Heart of England.

Counsel for Poco and Milbury said that if steps are to be taken to restore the assets "which seem to have disappeared" it is highly desirable that the application should be made as soon as posible. On Tuesday the Stock Exchange expressed "concern" about the position of minority shareholders in Milbury.

St Piran appears to have ecquired Westminster as security for a loen that Milbury failed to repay to St Piran.

Hawley acquires larger stake in Kean and Scott

BY CHARLES BATCHELOR

Hawley Group, tho industrial holding group beaded by Mr Michael Ashcroft, is making an agreed bid worth nearly £8m for most of tho minority shareholding in Kean and Scott, its USM-quoted home improvement subsidiary.

Mr Ashcroft described the bid as "another stage in the tidying up of our corporate structure." He added: "The City has described our company structure as being a bit confusing. Now we have our major core businesses back in tho fold."

In tho past year Hawley has bought out the minority holdings in a number of its quoted subsidiaries and put most of its peripheral activities into Midepsa, a company in which it owns 36 per cent.

Hawley announced yesterday it was making an agreed bid for 17.52 per cent of K & S. It already owns 75.03 per cent of K & S while o further 7.45 per cent stake is held by the vendors of Kitchens Direct, which was bought in March 1984. Restrictions apply to tho sale ot these shares.

Hawley is offering ono of its own shares for every two K&S. Hawley's shares rose 1p yesterday to 81p to valoe the bid at 40.5p for each K&S share, or £7.93m for the 17.52 per ceot holding. It values K&S's antire equity at £45.2m. K&S rose 5p to 38p.

All the independent directors of K&S intend to accept in respect of their holdings, excluding restricted shares, amounting to 12.24 per cent of the K&S equity.

Hawley and K&S said it was essential for the restrictions to remain in place on the 7.45 per cent holding so that the principal vendors of Kitchens Direct retain a direct equity interest in K&S. Tho vendors includo Mr Gordon Carruthers and Mr Staphen Boler, executive directors of K&S.

It has beeo agreed, however, that Mr and Mrs Boler should be free to accept in respect of a further 1.77m shares issued to them as a doferred consideration for Kitchens Direct, subject to similar restrictions being imposed on tho Hawley shares they would acquire.

In tho past 18 months Midepsa has acquired full control of Coleman Milne, previously a USM-quoted car cooversion group, whilo Hawley has absorbed Electro-Protectiva.

This leaves the Insight Group, formerly Black and Edgington, and 75 per cent owned by Hawley, as the last major quoted subsidiary of Hawley.

Transcontinental repurchase prices

Transcontinental Services Group, the international investment company, has declared unconditional its share repurchase facility, under which shareholders were given the opportunity to realise their holdings at prices related to net asset value oo August 15.

Transcontinental said yesterday that tho unaudited oet asset value per share on August 15 waa 227p on a fully diluted basis (235p on o primary basis). Accordingly, tho prices to be paid under the facility were 222p a share and 82p per warrant, £101.602 or US$141.844 per US$100 nominal of loan notes.

Aftor taking accouot of the proposed allocation amongst investors of tho 3,044,491 shares tendered and 6m new shares to be issued, the bolders of more than 5 per cent of the equity are: J. Rothschild Holdings (22.9 per cent) and Maxxam Group (10.3 per cent).

Hadson announces terms to buy minority stake

Hadson Petroleum Corporation, the Oklahoma-based energy company, yesterday announced the terms of an offer to buy out minority shareholders in Hadson Petroleum International, its USM-qooted British subsidiary.

The offer is £14 in cash plus three shares of common stock in HPC for every 40 HPI ordinary. HPC shares are traded on the U.S. NASDAQ market. On the basis of their $3 closing price on August 20, the offer values each HPI share at 51.3p.

HPI shares were suspended at 56p in April when the company sold its UK oil assets to Britoil for £27m. Dealings restarted yesterday and the shares closed at 38p.

HPC said the offer, agreed by the HPI board and to be carried out by a scheme of arrangement, valued HPI at £31.7m.

Accepting shareholders would be given the opportunity to receive more HPC shares or cash than under the basic allocation, provided they were matched by opposite elections, he said. HPC intended to apply in due course to the Stock Exchange for a shares listing.

HPI came to the USM in 1983 at 80p a share but the issue flopped, attracting applications for only 3 per cent of the shares up for sale.

HPC said yesterday that the salo to Britoil left HPI with cash balances of £28m, exploration areas in Indonesia and Spain and interests in Korea. Since its exploration was now directed outside the UK, significant savings could be made by moving its headquarters to the U.S.

W. Canning

W. Canning has formed Medical Services Group following the purchase in the U.S. of Denticon, now renamed Conident Inc. The new group, which will consist of Conident and Gazelle International Inc, will have sales of over $35m and in excess of 900 employees. Mr Dennis Sokol, previously chief executive of Gazelle, will become chief executive of the enlarged group.

BP goes ahead with Seltrust reconstruction

BY KENNETH MARSTON, MINING EDITOR

SHAREHOLDERS of British Petroleum's 75.4 per cent-owned Australian Seltrust Holdings can look forward to having a marketable asset in about mid-September. Dealings in the sharea have been suspended, at 47p in London and 70 cents in Australia, since October last year.

The shares were suspended during a reconstruction schemo proposed for the loss-making Australian mining subsidiary. It mot fierce opposition and a revised schemo was later agreed, only to be stalled by MIM Holdings.

MIM objected to the provision entitling Seltrust in its new guise of Paragon Resources, to purchase 9.5 per cent of the nickel concentrate prodoced at the Agnew nickol mine in Western Australia. The resulting litigatioo remains unresolved.

BP, however, has decided that, in the moantime, the rest of the scheme should take effect. This means that BP will take over Seltrust's debt and most of its non-mining assets and leave the company with a 75 per cent stake in the promising Temora gold prospect in New South Wales plus other exploration projects and A$9.2m (£4.6m) cash.

For every one share in Seltrust, holders are offered 3½ shares of 20 cents in Paragon together with options to subscribe for a further 3½ shares at par. Alternatively, they may opt for a straight 60 cents (30p) cash per share.

The proposals were overwhelmingly approved at a reconvened meeting of Seltrust holders in Perth. The scheme is expected to become effective in mid-September when shares and options in Paragon will be listed.

St Regis buy-out completed for £32m

The management buy-out of St Regis International, the UK paper and packaging arm of St Regis of the U.S., has been completed, ot a price of £32m. The sale follows the $1.8bn purchase of St Regis by tho U.S. forest products group Champion International last year.

The buy-out has been funded by a £24m plocing of shares, arranged by the St Regis advisers, Manchester Exchange Trust, in conjunction with brokers L. Messel & Co.

The shares have been placed among major UK financial institutions, led by Invostors in Industry (3i) and Pruventure, the Prudential's venture capital arm.

An edditional bank loan facility of £8m has been provided by o consortium of banks managed by Citicorp Investment Bank.

W. Boulton sells two companies

William Boulton, the troublod Stoke-on-Trent engineering and foundry group, has disposed of o further two companies as part of its drive to turn the group around.

Boulton, whose affairs are being managed by Mr John Briggs, a "company doctor," has sold J. W. Ratcliffe & Son, which manufactures equipment for the ceramics industry, for £100,526 and Boulton Fabrications, a manufacturer of metal fabrications for the commercial vohicle and building industry, for £220,000.

Further cash will come from the sale of property to Mr K. L. Amos and Mr K. Berrisford, who have bought Ratcliffe, and Taylor - Stenmec, which bas bought Boulton Fabrications. In addition, Boulton is selling a site, subject to the granting of planning permission, to J. Sainsbury, the retailer, for £1.2m.

UK COMPANY NEWS

John Beales ahead and expects further progress

PROSPECTS FOR the immediate future look good for John Beales, the maker of Marathon outerwear and underwear and retailer of refrigeration equipment. The directors have invested substantially more in the business and this indicates their commitment to the development of the traditional textile interest.

In the year ended May 31, 1985 the profit came to £651,000, compared with £609,000 in the previous 63 weeks. And the directors are confident that the group will make further progress during the current year.

The final dividend for 1984-85 is 2.8p, which lifts the net total to 4p, against 3.65p for the previous period.

The directors say that market conditions were difficult throughout the year and, with margins frequently depressed and interest rates high, they considered that any expansion of the business would have to be minimal and selective.

Management effort was concentrated on increasing profitability through improved performance, reducing operating costs, and developing a more profitable sales mix. Inevitably some business was declined.

Turnover in the year came to £13.71m (£16.07m) for the period) and the gross profit to £1.23m (£1.31m). A drop in net operating expenses to £609,000 (£771,000) pushed up the operating profit to £622,000 (£541,000).

Net investment income improved substantially in the second half, and came to £117,000 for the year (£148,000), while interest payable was £89,000 (£80,000). There is no tax charge.

Basic earnings are 16.82p (15.8p) per share and fully diluted 15.46p (14.57p).

Capital expenditure on reorganisation was £669,000 and a further £98,000 for redundancy and associated reorganisation costs is charged in the accounts as an extraordinary item below the line.

Production is now concentrated in three factories following the sale of units in Loughborough and a closure in South Wales, manufacturing space has been increased, and operating costs have been reduced by £75,000 annually. Also, during the year new plant and machinery to the value of £800,000 was acquired or leased, a substantial increase over previous years' investment.

Currently, order books are better than at the same time last year and, given that the present buoyant levels of retail trading are maintained, then the directors are confident of progress.

Cash balances at May 31 had risen to £1.2m.

Greenwich Resources raising £4.5m

By Stefan Wagstyl

Greenwich Resources, a gold mining company with its biggest interests in the Sudan, is raising £4.5m net with a three-for-five rights issue.

The group, listed on the Toronto Stock Exchange, is also seeking a London Stock Exchange listing for its shares, with the support of stockbroker Grieveson Grant. Dealings are expected to start next Thursday, August 29.

The company is investing £2.5m of the cash it hopes to raise in bringing into production the Gebeit prospect, in the Red Sea Hills in Sudan, where Greenwich has a 49 per cent stake in a joint venture with the Sudanese Government.

A further £1.1m is earmarked for gold and diamond mining projects in Venezuela, £0.4m for exploration in Egypt and the remaining funds for Greenwich's general exploration programme.

The new shares are offered at 62p each. The group's founder, geological consultant Robertson Research, will see its stake fall from 20 per cent to 11.2 per cent after the issue.

Varied pattern in first half for Royal Life

A MIXED pattern of new business over the first half of the year is reported by Royal Life, the life company member of the Royal Insurance Group, Britain's largest composite insurer.

New annual premiums on worldwide business fell nearly 11 per cent from £28.5m to £25.4m, but single premiums rose nearly 18 per cent from £44.8m to £52.8m.

Business in the UK was hit by the decline in new life business, compared with last year's exceptional results in the first quarter ahead of the Budget which ended LAPR.

New life annual premiums were down by almost one-third to £13.9m and an 80 per cent growth in individual pension business to £13.9m and an 80 per cent growth set this drop.

The growing success of the company's unit-linked business, started just a few years ago, saw new life single premiums rise by two-thirds to £28.6m while pension single premiums climbed 40 per cent to £4.5m.

However, the company's group pension operations were down over the period.

Supra profit up 37% in first half

Strong demand for the products of Supra Group, which manufactures and distributes motor components, noise control products and paints, boosted pre-tax profits by 37 per cent to £489,000 for the half-year to May 31 1985 compared with £357,000 in the same period a year ago.

The group entered the second half with healthy order books and unless market trends alter it expects a record year.

It is paying an interim dividend of 0.8p, compared with an adjusted 0.727p.

Turnover increased 17.3 per cent to £7.27m (£6.2m), made up of £6.4m (£5.81m) from the home market and £874,000 (£587,000) from exports.

Tax took £215,000 (£147,000) and minorities £121,000 (£7,000). Earnings per share were up to 1.61p (1.25p adjusted).

Horne Brothers

Despite higher charges for interest and exceptional items, Horne Brothers, the men's outfitter, reduced losses from £519,000 to £173,000 in the 24 weeks to February 16, 1985, on turnover up from £7.5m to £8.36m, after VAT.

The directors say that trading demonstrated the improving performance resulting from the new management team and retail formula. All group activities are continuing the upward trend during the current half.

Interest came to £224,000 (£102,000) and exceptional items were £160,000 (£80,000). There is no tax charge. All the company's shares are privately held.

Sunbeam Wolsey rises

CONTINUING success in export markets has helped Sunbeam Wolsey, the Irish-based manufacturer of textile yarns and knitted fabrics, to lift its halftime profit from Ir£495,000 to Ir£542,000.

The order books for the rest of 1985 are healthy and the directors look forward to a continuance of growth in the group's fortunes.

The export success, however, is being marred by conditions in the home market. Here low margins of profit on sales and low activity of trading exist on most selling fronts, and the inclement weather conditions persisting throughout the summer did nothing to help sales—but the company retained its percentage of turnover figure in that area.

Turnover for the period came to £15.08m, a rise of £1.97m. After tax £140,000 (£136,000) and minorities £11,000 (£9,000), the net attributable profit is £391,000 (£350,000).

The interim dividend is again 1p net per share. Total for 1984 was 4p when profits reached £1.14m pre-tax.

Needlers lower by 15%

Needlers, the Hull-based confectioner, blames the weak general demand in the UK for sweets and chocolate for a 15 per cent fall in profits in the first half from £210,638 to £177,500.

However, exports were up 120 per cent and directors say there are indications that sales at home are picking up.

The company has taken steps to strengthen management to cope with more sales and it expects to increase profits for the full year. Pre-tax profits for 1984 were £437,000.

Like last year, there will be no interim dividend. In the first half, turnover rose from £5.24m to £5.98m. Tax amounted to £65,000 (£16,755), leaving £112,500 (£193,883). Earnings a share were down from 9.5p to 5.4p.

BANK RETURN

BANKING DEPARTMENT	Wednesday August 21 1985	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	3,356,503,447	+ 337,138,678
Bankers Deposits	727,976,662	— 26,362,453
Reserve and other Accounts	1,468,370,587	+ 5,410,967
	5,567,403,696	+ 306,187,175
ASSETS		
Government Securities	896,127,771	— 119,606,000
Advance & other Accounts	1,104,891,984	+ 432,126,080
Premises Equipment & other Secs.	3,546,225,170	— 12,867,803
Notes	9,615,527	+ 6,582,709
Coin	548,184	— 48,755
	5,567,403,696	+ 306,187,175

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,310,384,473	+ 103,417,291
Notes in Banking Department	9,615,527	+ 6,582,709
	12,032,000,000	+ 110,000,000
ASSETS		
Government Dept.	11,015,100	—
Other Government Securities	1,854,214,324	+ 355,857,340
Other Securities	10,463,770,576	— 245,857,340
	12,320,000,000	+ 110,000,000

COMPANY NEWS IN BRIEF

HICKING PENTECOST shareholders have taken up less than one third of the shares offered in a £1.75m rights issue from the loss-making Nottingham knitwear company.

They took up 32.8 per cent of the shares in the three-for-two issue, leaving the rest, which could not be sold on the stock market, in the hands of the underwriters headed by the merchant bank Robert Fleming.

PLASMEC, specialist manufacturer in plastics and mechanical engineering industries, incurred pre-tax losses of £40,498 in the half year to end-June, 1985, compared with previous profits of £196,156. External sales totalled £3.51m (£3.72m). The directors are optimistic of a sufficient recovery in the second half to enable the group to return to profit for the year as a whole. The interim dividend is 1p net—the group's shares are traded on the USM.

SIMS CATERING BUTCHERS, a Farnborough-based meat and poultry supplier is to buy Bristol Meat Trader, a meat supplier, for £800,000. Sims joined the USM in February and said then the placing money would be used for expansion. Bristol made pre-tax profits of £129,000 for the year to March 29, 1985, on turnover of £3.6m. The purchase price will be paid part share, part cash.

YEARLING BONDS totalling £7.5m at 10¹⁵⁄₁₆ per cent, redeemable on August 27 1986, have been issued by the following local authorities: Derby City Council £1m, Alnwick District Council £0.5m, Rhondda Borough Council £1m, Merthyr Tydfil BC £0.5m, Lancaster City Council £0.75m, Rochdale Metropolitan BC £0.5m, Brentwood DC £0.25m, Lothian Regional Council £2m, Tendring DC £0.5m, Stafford BC £0.5m.

SCOTTISH AND Newcastle Breweries' subsidiary, Thistle Hotels has announced the purchase of the leasehold interests of two hotels it runs from the Legal and General Assurance Society for £7.5m. The hotels are the Tower Hotel in London and the King James Hotel in Edinburgh. Legal and General said the step had been taken as part of its continuing programme of portfolio rationalisation.

KINGSLEY AND FORESTER, the household textiles group, has acquired an 80 per cent interest in a new company, Bloom and Treymaine for £200,000 in cash. The new company will acquire a textile cash and carry wholesaling business of a private company previously owned by Mr Peter Bloom and Mr Merlin Treymaine for a total of £520,634 in cash. Mr Bloom and Mr Treymaine will each hold 10 per cent of the new company. Further consideration will be due to the vendors, up to a maximum of £88,000, based on profits for the year to September 10 1986.

SIEBE rights acceptances have been received in respect of 17,680,510 new ordinary (approximately 94.44 per cent).

BASE LENDING RATES

A.B.N. Bank	11½%	Heritable & Gen. Trust	11½%
Allied Dunbar & Co.	11½%	■ Hill Samuel	§11½%
Allied Irish Bank	11½%	C. Hoare & Co.	11½%
American Express Bk.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Johnson Matthey Bkrs.	11½%
Amro Bank	11½%	Knowsley & Co. Ltd.	12 %
Associates Cap. Corp.	12 %	Lloyds Bank	11½%
Banco de Bilbao	11½%	Edward Manson & Co.	12½%
Bank Hapoalim	11½%	Meghraj & Sons Ltd.	11½%
BCCI	11½%	Midland Bank	11½%
Bank of Ireland	11½%	■ Morgan Grenfell	11½%
Bank of Cyprus	11½%	Mount-Credit Corp. Ltd.	11½%
Bank of India	11½%	National Bk. of Kuwait	11½%
Bank of Scotland	11½%	National Girobank	11½%
Banque Belge Ltd.	11½%	National Westminster	11½%
Barclays Bank	11½%	Northern Bank Ltd.	11½%
Beneficial Trust Ltd.	12½%	Norwich Gen. Trust	11½%
Brit. Bank of Mid. East	11½%	People's Trust	12½%
■ Brown Shipley	11½%	PK Finans. Intl. (UK)	12 %
CL Bank Nederland	11½%	Provincial Trust Ltd.	12½%
Canada Permanent	11½%	R. Raphael & Sons	11½%
Cayzer Ltd.	11½%	Roxburghe Guarantee	12 %
Cedar Holdings	12 %	Royal Bank of Scotland	11½%
■ Charterhouse Japhet	11½%	Royal Trust Co. Canada	11½%
Choulartons**		■ J. Henry Schroder Wagg	11½%
Citibank NA	11½%	Standard Chartered	∥11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Continental Trust Ltd.	11½%	Williams & Glyn's	11½%
Co-operative Bank	11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
∥ 21-day deposits over £1,000 8.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Cost control

Winning a fair share of the corporate cake

Richard Tomkins reports on an ingenious pay formula

THERE is a company in the south-east of England which can lay claim to not having given its employees a pay rise for over 10 years. Perhaps more remarkable is that it is over 10 years since its employees have asked for one.

The company is not, however, some autocratic sweatshop left over from Dickensian times. Far from it: its employees have an unusual degree of freedom to control their own working lives and enjoy considerably higher incomes than people in comparable jobs.

This state of affairs has been brought ebout through the adoption of an ingenious management system which has the twin advantages of keeping the company's costs rigidly under control while guaranteeing its employees a share in its growth.

The company is Southern Business Leasing, a Croydon-based organisation with 158 employees and agents, a turnover of £6.1m and a quotation on the unlisted securities market. Its business is renting out end servicing Canon photocopiers and Maxpax drink vending machines—mainly the former—throughout the South-East.

Its management system was introduced by George Stewart, the chairman, and implemented by David McErlain, the managing director. The concept is simple. Total turnover is seen as a cake divided into slices. A 25 per cent slice goes immediately to profit and the rest is used to cover the company's costs.

The biggest slice—30 per cent of turnover—is used to cover the cost of sales, consisting mainly of the amortisation of machines and the cost of consumables such as ink and paper.

The rest of the cake is allocated to the company's operating divisions. Servicing gets 16 per cent, sales 9 per cent, establishment (telephone, rates, insurance) 7 per cent, administration 6 per cent, finance 5 per cent and distribution 2 per cent.

At the end of each quarter the company calculates the turnover for the period and divides it according to the percentages laid down. At the same time each operating division's costs for the period are calculated and set against the amount it is due to receive. The balance—and this is the key element of the system—is not retained by the company but goes directly to that division's employees in the form of a quarterly bonus.


David McErlain: not getting bogged down running the petty cash

At a more detailed level, the system is geared so that the more work each person does, and the more efficiently it is done, the more he or she picks up each quarter.

For example, the administration division subdivides its 6 per cent slice of total turnover between its various departments. One of these is credit control, which gets 10 per cent of the slice. Within credit control there are two employees. One may be handling 20 per cent more accounts than the other; her share of the total budget will therefore be 20 per cent higher.

Out of her quarterly budget will be debited all the expenses connected with the running of her particular part of the operation, including whatever monthly salary she has decided to award herself, her tax and national insurance contributions, and all her overheads such as stamps and stationery. Whatever is left is profit for her to keep, and her total income will probably be 20 per cent higher than her colleague's.

If this credit controller found her workload growing beyond control, she might elect to buy a computer or word processor to ease her burden. That is her decision: the company will lend her the money to buy it (at a commercial rate of interest) and the repayments on the loan will be debited from her quarterly account.

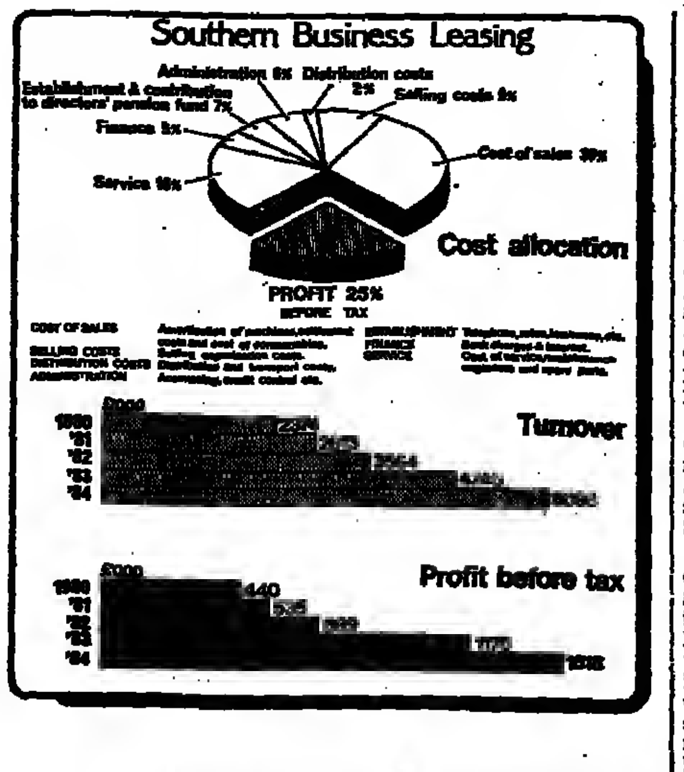
The system was introduced gradually during the early 1970s when the company was a fraction of its present size. McErlain believes that a company is at its most efficient and profitable when it is small, and the proportions of turnover allocated to the various divisions were therefore fixed at the levels which prevailed at the time of the system's inception. They have changed only once since, when the response time required of the service engineers was cut from eight hours to four and the department's resources had to be increased. When an alteration to the percentages is seen as necessary, it is made by or with the agreement of those involved.

In the early days the employees viewed the system with some suspicion. Derek Bray, now a senior member of the distribution division but then one of the three drivers employed, says: "I couldn't understand why they wanted to pay me that amount of money. I wanted to know what was in it for them."

Nevertheless, those who felt the system would operate to their advantage soon reaped the benefits. For example, Bray says there were too many for the work available, and one in particular was not over-stretching himself.

"The way this system works you can't afford to have someone around who isn't pulling their weight," Bray says. "We had a meeting and discussed it, and in a roundabout way he left. We took on the workload and our pay went up as a result."

The advantage for the company lies in better financial control. Says McErlain: "It takes away that dread which every manager has that overheads are growing as a proportion of turnover. It just can't happen in this company because the overheads are completely self-regulating."



Another advantage is that the annual squabble over pay rises is eliminated. The company evoids the risk of losing employees through paying them too little and at the same time knows it is not paying them more than it can afford.

From the employees' point of view, their guaranteed share in the growth of the company has increased their pay much more quickly than they could hope to have seen through annual pay negotiations. For example, they say, their service engineers are earning about £20,000 a year against perhaps £10,000 elsewhere in the industry. There are no trade union members at Southern.

While employees have a considerable amount of freedom in the way they organise their working lives management is likely to intervene if pre-set standards are not met. If this happens a system of fines applies.

Says McErlain of the system: "It's super from a management point of view. It means I can be a real managing director, going round looking at the problem areas and getting on with acquisition projects instead of being bogged down in running the petty cash."

The system is not entirely without its drawbacks, however. Employees cannot count on bonuses every quarter. As business expands their income grows, but when it becomes necessary to take on another employee bonuses will have to be forgone for a quarter or two until the cost of the department's extra employee has been absorbed by rising income.

Expansion in a service-based organisation such as Southern creates only an occasional hiccup in employees' incomes. In a more capital-intensive organisation, employees would probably be reluctant to face the severe long-term decline in their income which might be necessary to finance an expensive expansion.

Another disadvantage is that the system will only continue to be acceptable to the employees as long as growth continues. They have yet to see a period when there has not been strong sales growth and they have therefore continued to benefit, but other companies without such a smooth upward trend in turnover could encounter resistance.

Southern, too, has to face up to the fact that a deep recession could see its turnover stagnate or decline. In that case, McErlain says, the system would simply go into reverse: departments would start to shed staff to maintain the level of income of those remaining.

"It wouldn't be up to the company; it would be up to the individual departments to say: 'Look, someone's going to have to go: who's it going to be?' It would probably be e question of last in, first out—or, more likely, worst out.

"They've done it before and they'd do it again: remember the story of the van driver?"

Employment trends

Dividing into camps

David Thomas on radical changes in the structure of workforces

COMPANIES are dividing themselves into an inner core of employees with secure jobs and on good terms and conditions; and an outer periphery of workers on temporary contracts, working part-time, self-employed or employed by sub-contractors.

That, at least, is the picture of a divided labour market made fashionable by John Atkinson and colleagues at the Institute of Manpower Studies et Sussex University.

The idea is almost the flavour of the month among astute personnel executives. Paul Roots, industrial relations director of Ford, told industrial journalists this week that there is "a split in the workforce between those workers who have marketable skills, predominantly in the more secure jobs with fringe benefits of pensions, sick-pay and all the rest of it, and the other half who are hewers of wood and drawers of water."

Yet managers seem to lack a coherent strategy to guide this reshaping of the labour market, which is odd since the trend favours a key management goal — flexibility. Indeed, two kinds of flexibility are at issue.

In return for security and decent conditions, the workers at the core of a company are expected to do whatever work the company demands — they are "functionally" flexible. Typical members of the core are managers and skilled craftsmen, though the latter are increasingly being asked to dispense with demarcation lines.

The periphery, in contrast, is hired to do highly specific jobs and fired when not needed — they are "numerically" flexible. They have unusual working time arrangements and are employed in a range of less-than-permanent ways. They are the hewers of wood, except that they are more likely to be computer analysts or assemblers of printed circuit-boards.

There's no doubt that this theory neatly captures various pressures at play in the labour market. But there has been some scepticism about the number of companies that are moving significantly in this direction. Often the theory's proponents seem to fall back on one or two well-known examples, like Rank Xerox's networking system, for their support.

A study completed by Atkinson, but not yet published, provides the most extensive factual support yet for his ideas. Commissioned by the Department of Employment, it is based on interviews with managers in 31 companies, half in manufacturing and the other half in services.

The companies studied include not only cases from the electronics sector, as would be expected, but also examples from the traditional metal-bashing heartlands of industry. The 180-page report contains chapter and verse on how these companies are restructuring their workforces.

A company in the West Midlands engineering sector has encouraged many of its skilled workers to set up independently and then tender for their old work. An electronics company in South Wales employs about 230 "supplementals" on three-and ten-months contracts to act as a buffer protecting its 900 permanent employees.

Coherent

Companies are innovating too in their organisation of working time. A business in the bricks, pottery, glass and cement sector, for instance, has negotiated a working year arrangement, which is accompanied by a major simplification of job descriptions. The agreement stipulates a working year made up of 46 weeks at 39 hours (1,794 hours), plus built-in flexible time of 12.5 per cent (224 hours), to be worked as demand requires.

Such examples, repeated throughout the report, seem to show that British management is now actively shaping its labour environment. But the small print of the 31 case studies makes less sanguine reading.

Most of the businesses surveyed have not developed coherent strategies to restructure their workforce. They are using the opportunities presented by unemployment and technological change to introduce changes piecemeal. For the first time in years, the ball is in their hands and they are running with it, without much idea about how far they will get before being tackled.

Far from possessing an overall vision, different sections of management see the future differently. In one company, for instance, general management wanted to push the use of temporary workers to the limit, but was meeting resistance from the personnel function, which justified its reluctance "in terms both of industrial relations and of 'moral responsibility'." In this enterprise, the personnel department "had a mediating (rather than an initiating role)" in manning changes.

Two areas already in transition, however, according to the report, are recruitment and training, at least for peripheral workers. Recruiters are switching to cheaper, faster methods aimed at people not already in formal work, like middle-aged, married women. Similarly, selection criteria are becoming less important among peripherals because of job systematisation.

Systematic de-skilling of jobs also means that training is becoming less important for peripherals.

For the core workers with job security, however, the stress on training is increasing, largely through retraining and the acquisition of add-on skills, rather than the definition of common core skills.

If managers are only just leaving the starting blocks, unions have barely begun to limber up, the report suggests. "The trade union response had been confused and generally aimless," the report concludes. Unions were keeping quiet about the displacement of permanent staff by temporary and part-time workers "because the unions did not want to expose their supposed inability to stop it."

At national level, this may be changing. The annual Economic Review of the Trades Union Congress, published last week, contained a section on whet it called "two-tier employment"—a trend which, unsurprisingly, the TUC is against; so far, however, there are few signs of unions on the ground evolving recruitment and bargaining strategies to meet these developments.

In the medium term, the big question is whether the changes can be sustained. The main pressure for innovation, according to Atkinson at the IMS, is companies' desire to maintain the productivity growth achieved early in the recession through relatively simple means, like closures and manpower cuts, for which the scope is now reduced.

TECHNOLOGY

EDITED BY ALAN CANE

Why automation is just the ticket

London Underground's £135m computerised ticketing system will cut costs, fraud and queues, and issue bus and rail tickets, reports Alistair Guild

THE £135m automated ticketing system planned for London's [illegible] will revolutionise the way passengers pay for travel in the capital. A new range of self-service machines will issue plastic tickets which can be used not just on the Underground but also on buses, the planned Dockland Light Rail system, and some British Rail suburban services.

As well as providing a single ticket for all buses and trains, the system should reduce the estimated £12.5m a year fraud, reduce costs, ease queues at stations and provide more information for management on passenger flows.

Passengers will be able to buy a ticket for e single journey or several journeys made by different modes of transport. The ticket has e magnetic strip like a credit cvard which can be reed automatically on the bus or train, or et the station of destination.

The system will be built by Westinghouse Cubic which has already installed automatic fare collection systems in Hong Kong and Singapore.

According to a director, Mr John Lincoln, many transport authorities have tried to make tickets interchangeable between different modes of transport, but they have found it too difficult to adapt the old technology or reach agreement on the type of card to be used.

"San Francisco started off with three different ticketing technologies, for the Bay Area Rapid Transit System, the municipal bus and municipal rail systems. It then tried to bring them in line. In London, it has been mnch eesier. It was agreed that part of the magnetic strip's field would be allocated to the underground and others to bus, BR and dockland rail.

The system will also make accounting easier. The authority which sells a travel card does not always carry the passenger. The idea is that the new card will be read automatically on the bus or train and the deta fed back to a central computer.

A sophisticated reporting system is an integral part of London Underground's plans. This will be at three levels. Each of the 247 stations will have a range of ticket machines, all with microprocessors. These will have 1 megabyte of bubble memory so that they are capable of storing data at the busiest station for two days should they fail.

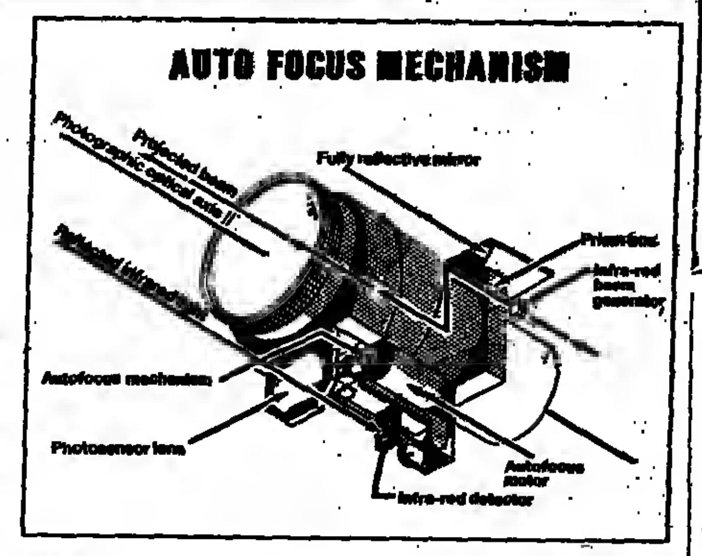
Data from these machines is then fed to a station computer processor, part of a local area network at station level.

Other microprocessor-based ticket systems in the world do not pass that data beyond individual stations. Singapore is the exception. The network planned for London will pass data collected at individual stations via a fibre optical cable, using the main trunk rontes of a new telephone network, to a cluster of three DEC Vax mini computers at London Underground's Baker Street headquarters.

"The same network could be applied to other transport systems," says Mr Lincoln. "However, because of the large amounts of data generated across the transport network, London requires more data concentrators and greater capacity for its central computers. Singapore, for example, is using DEC 124 minicomputers rather than the DEC Vax computers planned for London.

"Elsewhere in the world, the tendency has been to use a Bandaid approach to the implementation of automatic fare collection, rather than install a completely new system. But ten years ago, the technology was not available to instal a system of this sophistication or intelligence. Only in the last two or three years have advances in technology made it possible."

Canon launches easy-to-use video camera



THE VIDEO camera for everyone — small, light, simple to use and incorporating both recorder and player — came a step closer yesterday. Canon, the Japanese cameras-to-computers giant, announced a domestic 8mm videocamera (camcorder) weighing only 1.98 kg which can record for up to three hours on one tape. The recording can be played back through a conventional television set.

Cameras using this format have already been launched by Kodak, Philips and Sony, but Canon has built in for the first time some advanced features which should have special appeal to the ordinary consumer.

● Automatic focusing and exposure: the camera uses an advanced infrared light technique accurately to measure the subject distance. A beam of infra-red light is generated inside the camera and directed via a series of mirrors and prisms into the photographic lens system. The beam travels through the camcorder lens to the subject and is reflected to the camera where it is detected by a monitor situated on the body of the camera. As the object distance is calculated by triangulation, this arrangement is said to give a more accurate measure than through-the-lens systems.

There is an on-board computer which takes the signals from the infra-red detectors and converts them into instruction to the autofocus motor.

● Direct drive motors to the tape drive, capstan, supply reel and take-up reel increases the stability of back tension applied to the tape. The drum motor has been reduced to only 30 per cent of the size and weight of previous motors.

● High speed Saticon camera tube warms up in only two seconds compared to the 20 second period required for earlier tubes.

The domestic video market is dominated by the VHS format, pioneered by the Victor Company of Japan (JVC), which uses half-inch tape cassettes. There are a number of half-inch camcorders on the market.

Over a year ago, 122 manufacturers of electronic and camera products agreed that camcorders using 8 mm wide tape in small cassettes would be the future standard.

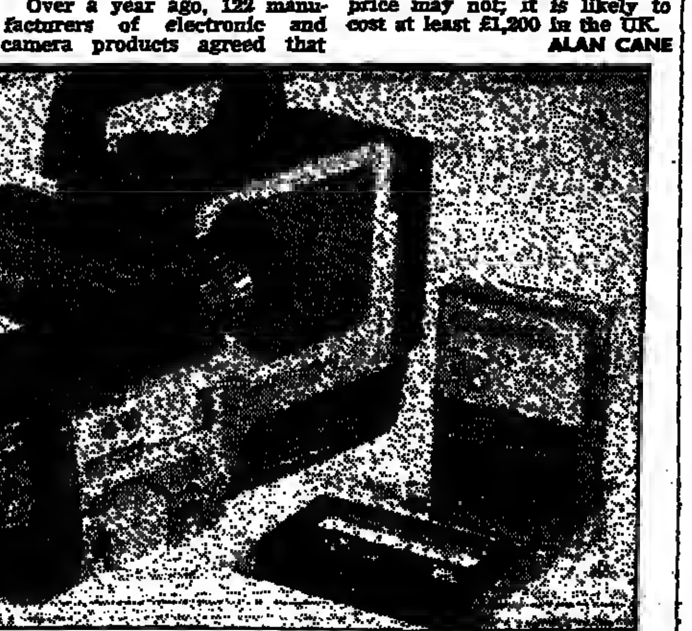
Since then developments have been slow and there has been considerable discussion over whether 8 mm can be a serious competitor to the VHS format.

Canon, for example, in launching its new format camcorder said: "Half-inch video cassette recorders — for people who do not place top priority on portability — will coexist with 8mm formats for several years to come."

The Canon camcorder allows up to three hours of recording on *one* tape and a character generator can be attached to superimpose titles, dates, times and stop-watch sequences on to the images.

But if the specification of the Canon camcorder makes it suitable for everybody, the price may not; it is likely to cost at least £1,200 in the UK.

ALAN CANE


The Canon camcorder: Advanced features

Wide scope for new identity tag

WELWYN MICROCIRCUITS of Bedlington, Northumberland, has developed a fingernail-sized electrical identity tag that could be used throughout industry, commerce and agriculture.

Factory coded by means of a laser, the tag is read in the field by plugging it into e simple device, perhaps with further onward connection to computer-based information systems.

Applications already under investigation et Welwyn include the identification of animals, production line items and luggage at airports. There are also prospects for electronic locks and for coding personal items like pagers and mobile telephones. Vehicles, of any kind, could be uniquely coded for electronic identification.

The tag is a new application for thick film circuit technology, used in the electronics industry for 25 years to make "hybrid" circuits. This is a robust method of connecting existing semiconductor electronic components together on a tiny, tough slab of ceramic material that is insensitive to temperature variations.

Special conductive inks are laid down on the ceramic using silk screen printing, to form patterns of resistors and interconnections to which other components are added later.

The pattern is fired at high temperature to produce a highly stable circuit and lasers are often used to trim the area of the resistors to give precise values.

The new tag is called PPM (pre-programmed memory). It consists of closely-spaced lines of fired-on conductors in two layers at right angles to each other, separated by an insulating layer.

After the first set of tracks and the insulating layer have been laid down and fired, holes are laser drilled in coded positions, depending on the read/write technique adopted. Then, when the second track set is printed at right angles, conductive ink fills the holes so that, on firing, the selected tracks are electrically connected where they cross.

The computer-controlled laser can be used, after the drilling operation, to engrave a man-readable code on the tag.

The basic PPM has 16 lines in each direction. In the simplest form of coding, a steady reading voltage is applied to each of the rows, appearing on the column conductors only where there is through-connecting hole.

This allows over 65,000 combinations, which will be adequate for many industrial applications. However, by using "dynamic" coding, with streams of timed pulses, billions of different codes are possible.

There are other important advantages to the PPM. For example, once coded, it cannot be changed electrically and cannot be erased.

It is small. The 16 x 16 device measures only 1 cm square, with room for terminals on all four sides. On a 6 x 4 inch alumina wafer, 150 devices can be made at the same time.

Since the device consists only of positively connected metal conductors, with no active semiconductor, reliability is very high.

Made in volume, PPM devices seem likely to cost pence rather than pounds and they can be incorporated easily into a "mother" circuit, also using thick film technology, that would carry the associated electronics for a complete system.

GEOFFREY CHARLISH

Computer aid for generals

COMPUTER scientists at the Schenectady research laboratories of GE (USA) are devising expert computer systems to enable army commanders to make fast, accurate, decisions during battle.

The $1m project, funded by DARPA (Defense Advanced Research Projects Agency), is designed to make the best of large amounts of incomplete and sometimes conflicting intelligence.

Expert systems are based on software that allows a computer to mimic the reasoning process of one or more human authorities on a subject.

But unlike most expert systems, which must be presented with complete and accurate information, the new one will be tailored to deal with uncertainty.

The software will take three approaches. One involves thinking through the various hypotheses to weed out those that prove to be false. The second, it is hoped, will mimic common sense and will be able to make use of relative terms like "almost" and "probably." The third will deploy reasoning by analogy.

Design aid for process plant

INTERGRAPH, a leading U.S.-based computer-aided design and manufacturing (CAD/CAM) maker, is to offer process plant design software developed at Imperial Chemical Industries.

Called Isogen, the software generates piping isometric drawings from computer-created plant designs. Thousands of such drawings are needed in a typical chemical or petroleum plant design. Produced by hand, the drawings would need armies of draughtsmen.

In all, the company has 2,000 graphics systems installed world-wide. Intergraph says that, according to market research company Dataquest, it has supplied more CAD systems to the architecture / engineering / construction design market than the next five venders combined.

Forum on networks

ACCORDING TO Oyez Scientific and Technical Services, leased line costs are rising sufficiently fast to wipe out any anticipated savings that would justify investment in private networks.

Since, at the same time, British Telecom is announcing a multitude of public services that compete directly with private network offerings, Oyez believes the time is right for a London-based forum on the subject, which it plans for November 18 at the Royal Lancaster Hotel.

Oyez believes managers in user organisations are now asking for criteria other than pure cost saving on which to justify investment decisions.

More about the conference, for which the fee will be £145 plus VAT, from Louise Marriott at Oyez on 01-236 4080.

LAW AND SOCIETY

Redress for building defects: a way to solve the problems

BY ALFRED GOLDSTEIN

UNLIKE other artefacts, construction projects have long lives tied to the soil. They are "non-returnable" if deficient.

Defects during construction or noted shortly after completion are remediable in the normal commercial way. But the results of latent defects, in design or construction, may not arise for years, even decades, after completion. Obtaining a remedy, whether for a building owner or a third party who suffers financial loss, is a minefield.

Many parties are involved in the production of e building. They include the architect, the quantity surveyor, several kinds of consulting engineers, possibly certain specialists, the contractor, sub-contractors and suppliers. The cause of defects can seldom be firmly identified, at any rate prior to litigation. Thus the injured party sues everyone in sight; each of them will then join everybody else in action. By the time action is started it may be 25 years after the alleged negligent act. Memories have faded, or the persons concerned may no longer be about. Records are scanty, if any.

Thus the process of obtaining redress can fairly be described as a shambles. Everyone—directly or as required by their insurers—denies liability. Cause is usually in dispute and months can go by in argument by experts. The process is long, the outcome unpredictable, the expense prodigious.

The problem of litigation is exacerbated by the House of Lords' decision in the *Pirelli* case ([1983] 2 AC 1), where it *was held that* e *cause* of action for damage caused by negligent design or construction accrues when the damage comes into existence, not when it is discovered.

This means thet where damage occurs without becoming obvious for some time, the six-year period within which claims must be brought may have passed before an injured party realises he had any reason to litigate.

Combined with all this is the "knock-on" effect, as it is known in the building industry. Thus a court may determine liability as architect 5 per cent, builder 60 per cent, sub-contractor 35 per cent. But this may be 20 years after the event: if neither builder not sub-contractor are still in business, the architect would have to pay not 5 per cent but the *whole* 100 per cent of the damages. As between innocent plaintiff and almost-innocent architect in this example, the *fairness* of this procedure may reasonably be questioned.

Building owners may not be the only innocent plaintiffs—innocent bystanders can also suffer damage when there is a building failure or defect. The present free-for-all procedure cannot be tha best way of serving the public interest.

The Report on Latent Damage by the Lord Chancellor's Law Reform Committee attempts to redress one element of this mischief. It recognises that "stale claims" are unreasonable and recommends a "cut-off" period, 15 years after "the date of the defendant's breach of duty" following which actions for redress would be barred.

But the 15 years may not start to run until a designer has completed all his duties. These usually include supervision of construction and final certification. Thus a negligent decision made early during the design stage of a significant project might easily result in the 15 years turning out to be 23 years or more. Some cut-off period is better than no cut-off period, but the 15 years as defined is too long.

The report does not, and was not intended to, cover so substantial a mischief. The area bristles with difficulties; but let me submit a solution.

Suppose it became a statutory requirement for every building or building owner to be insured; somewhat analogously to the way every car owner or driver is obliged to be insured. The building owner's cover would include not only public liability (as is conventional now) but also damago to anyone (himself included) as a result of defects in design or construction. Such insurance would be in two stages.

● For tho duration of design, construction and the liability cut-off period, the ("wrap-up") policy would cover all the (specified) parties involved such as owner, design professionals, builder, sub-contractors. Thus, by definition, there would be no subrogation for the insurers and less argument, let alone litigation, between the parties.

● After the end of the cut-off period, the owner would insure *annually or perhaps five-yearly.* Such policies could have subrogation whereby the insurer could seek redress against responsible parties, though such parties would not include those whom tho owners had engaged for design and construction, since the cut-off period would bave expired.

Such a scheme would avoid most of the problems of the *status quo* and would make redress for defects altogether simpler, quicker and less costly.

Some questions would need to be resolved. Would the premium cost be higher? I doubt it, since each of the parties insures to a greater or lesser extent, anyway. If there were some increase compared to tho aggregate of the current premiums, it would be modest and well worthwhile.

Would such a scheme provide a charter for negligent design and/or construction? No, since current insurance, in the UK or in countries which have a limited defects liability period, does not do so. Anyone with higher than normal propensity for negligent design or construction would suffer not only the obvions loss of reputation, but would also find thet insurers might require substantially higher premiums. So quito apart from motivation of tho parties, the market would provida its own sanctions.

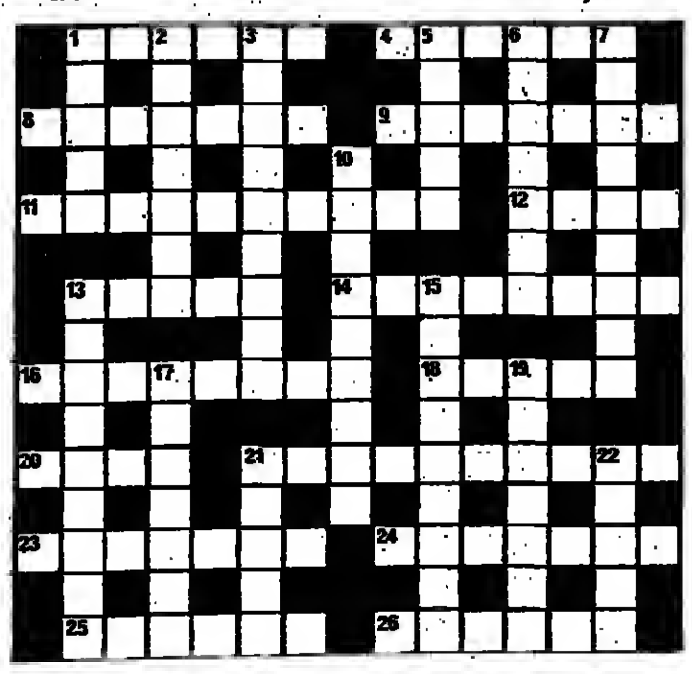
Would the insurance industry provide such a scheme? I believe it would respond. However, a frisson between government and the industry would not be new, as those interested in the introduction of statutory insurance for car owners can attest.

More pertinently, Parliament might be reluctant to legislate on e matter previously considered to do with rights and obligations—indeed with the freedom—of individuals. But legislation of some kind is overdue anyway—if no more than on the findings of the Law Reform Committee as the Lord Chancellor has just announced. I fully accept that intervention by legislation should be considered only if the mischief is substantial and other remedies elusive. But that is exactly where we are now.

The author is chairman of the Travers Morgan Group, a London firm of consulting engineers and planners.

A digest of Commercial Law cases in the Trinity term will appear in this column next week on Tuesday, Wednesday and Friday.

F.T. CROSSWORD PUZZLE No. 5,803



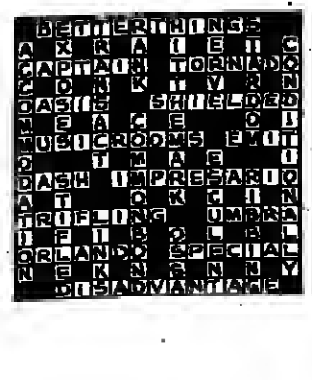
ACROSS

1 Beat for putting refuse around the front of the house (6)
4 Made a point of cracking codes around mid-afternoon (6)
8 Saw the lead the dog carried inside (7)
9 It's difficult to have fun playing around in a bucket! (7)
11 No star more suitable for e star-gazer (10)
12 He returned to Tom, miles away (4)
13 In turn, pound the mixture (5)
14 Once more gets a drink for the journalist (8)
16 Intermittent price changes 1 do somohow slip in (8)
18 A stiff corset for the guys! (5)
20 Bird or birds in retreat (4)
21 In taking the ball, first satisfied with competition (10)
23 Pine, perhaps, if once misled by a redhead (7)
24 On the bottom of the silver cycle (7)
25 Sent about half e mile to be in a sheltered position (6)
26 It's useful if one's made e mistake with the drawer (6)

DOWN

1 Charges to see the marines in a group, climbing (5)
2 Gaelic clergyman is first back (7)
3 Ended, as Doctor Elizabeth admitted, when sung to (9)
5 One cleaner cover for the seat (5)
6 Returned vehicle around mid-morning, taking three-quarters of an hour for spite (7)
7 Certainly perform, but perhaps not so much (9)
10 Including an awkward camber in Gateshead (9)
13 Collapse of cashier on the spot (9)
15 Permit and green form gets man on 'plane, for instance (9)
17 Not the type that stand up straight! (7)
19 *Bill is not performing operations* (7)
21 Caught fish, which is about right for a lobster catcher (5)
22 Ring Wren, resolved to find the proprietor (5)

Solution to Puzzle No. 5,802



APPOINTMENTS

Phillips & Drew board formed

Upon the incorporation of PHILLIPS & DREW, stockbrokers, the following have been elected to the board: Mr B. A. M. Cottrell, Mr C. H. Eaves, Mr P. M. D. Gibbs, Mr C. J. Lewis, Mr P. G. Neild and Mr R. Studer (Swiss — non-executivo) and together with Mr P. J. W. Harrison, Mr K. E. Percy, Mr G. M. Redman-Brown and Mr P. J. C. Smallwood will form the executive committee. In addition to the former partners the following have been appointed directors of the relevant operating subsidiaries: Mr R. V. Watkins, Mr A. J. Dye, Mr P. H. Beck, Mr M. F. Brooks, Mr D. G. Elliott, Ms Lynn C. How, Mr P. Morley, Mr D. A. Robins, Mr B. Shaw, Mr C. G. Stainforth and Mr B. Ching. Mr P. W. Parker will be leaving the firm.

★

THORN EMI COMPUTER SOFTWARE has appointed Mr Clive Hyland as director of personnel. He was personnel director of Thorn EMI Fire Appliances.

★

Mr Geoff Jones has been appointed vice-president and director of planning and corporato development for HFC TRUST & SAVINGS. He moves from the Midland Bank wbere ho has been involved in planning and product development within the marketing department and international division. Mr Colin Pryer, district manager, northern division, for HFC, moves on promotion to head office as assistant vice-president, marketing and advertising manager. HFC is part of the Household International Group.

★

Mr Michael Ayrton has joined the board of BERGER ELASTOMERS, Newcastle upon Tyne, as sales and marketing director. He replaces Mr Alan Hindmarch, who moves to the newly-created post of director of project development. Mr Ayrton comes from Albright & Wilson, where he was sales and marketing manager of one of the speciality chemical businesses. Berger Elastomer is a Hoechst company.

★

Ms Pamela A. Benady Davies has joined BOSWELL BIGMORE as a partner.

★

SONY (UK) has appointed Mr John Jones as general manager—sales, consumer products division, responsible for the sales of all Sony's consumer hardware products including television, video, hi-fi, audio portables and accessories. He joins from Spafax where he was sales director having previously worked at Ross Foods as national sales manager and the Mars organisation in national accounts and field management.

★

Mr William J. Courtney has been appointed chairman of the SOUTHERN WATER AUTHORITY for five years. He succeeds Sir Godfrey Taylor who *has been chairman since 1981* and has now been appointed to chair the London Residuary Body. Mr Courtney joined the Marley Tile Company in 1947 as a sales representative, became a managing director in 1960 and joint deputy chairman of Marley in 1976, retiring in May this year. He is chairman of the British Board of Agrement.

★

Mr Howard Davies has been eppointed deputy investment *manager* of the *CO-OPERATIVE* INSURANCE SOCIETY, from September 2. Mr Robert Blain and Mr Richard Hotchkis have been appointed assistant investment managers.

★

Two members of senior management have been appointed to tho board of RANKS HOVIS McDOUGALL INGREDIENT SUPPLIES, Leeds. Mr Mike Donoghue, national sales manager for the past two years, becomes sales director. He succeeds Mr Mike Seddon who is moving to Stewart and Arnold, within the RHM group. Mr Peter Barry moves into a newly-created directorship in charge of production, distribution, engineering and purchasing. He has been senior operations executive for the past year.

★

A new passenger business manager for BRITISH RAIL Southern Region's central section has been appointed. He is Mr David Burton who takes over from Mr Brian Scott, recently appointed deputy general manager of the Western Region. Passenger Business Managers have the financial responsibility for planning train services, developing terminal facilities and giving maximum value for money over a wide area on the region. Mr Burton has been Southern's regional parcels manager.

★

From September 1 Mr Richard Kottler, sales director, AQUASCUTUM, is also taking on responsibility for the retail branches outside London and men's wholesale and shops-within-shops UK. Mr Robert Wilson is appointed a director of Aquascutum International, parent company of the overseas subsidiaries in North America and the Far East. Mrs Margaret King, merchandise controller, ladies' retail, becomes an assistant director of Aquascutum.

★

SIMON AND COATES stockbrokers, has admitted the following to partnership: Mr G. A. Alexander, Mr G. D. Arnold, Mr C. J. A. Chaitow, Mr A. B. Coughlan, Mr R. T. Crossley, Mr A. C. G. Hewlett, Mr R. H. D. Jeffryes, Mr G. MacDougall, Mr A. C. Monk, Mr N. R. Rawlings, Mr R. J. Shefford, Mr R. F. P. Stone, and Ms Maria T. Tebaldi.

★

The FREDERICK PARKER Group has appointed three divisional managing directors. Mr Basil Hopkinson becomes managing director of the parts and services division. He joined the group's subsidiary, Frederick Parker, in 1972 and was appointed to the subsidiary board in 1979. Mr Jack Wake *will head the group's components* division. He was manufacturing director of Frederick Parker. Mr John Corcoran is made managing director of tho contractors equipment division. He was general manager of the builders equipment division.

★

HALMA has made appointmonts to the boards of its recently-acquired subsidiary companies. Mr P. A. Tett, divisional chief executive of the security division, becomes chairman of microfilm equipment supplier Microphax. Mr M. P. Leareyd, chief executive of the safety division, has been appointed chairman of Crowcon (Instruments), gas detection equipment manufacturer. Mr E. W. Knotwelt has been appointed finance director of Crowcon and remains divisional finance director of the safety division.

★

Mr P. J. R. Masters has been appointed to the board of HDA *FORGINGS, a Hawker Siddeley* company, as director and general manager of the blade forge division.

★

Mr Mike Innes has been appointed media director of BMP BUSINESS COMMUNICATIONS, business and financial arm of Boase Massimi Pollitt. He has been with BMP since 1979.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	63.0	67.0	+0.1	3.41
Accum Units	93.2	49.1	+0.2	3.41
Pearl Inc.	89.1	94.8	+0.2	5.01
Pearl Unit Tst.	93.0	98.9	+0.1	4.13
(Accum Units)	157.2	167.2	+0.2	4.13

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	180.9	194.1	+0.1	1.52
Income	138.8	148.7	−0.1	5.34
Worldwide Recovery	102.8	110.4	+0.3	2.15
American Growth	56.0	60.1	—	0.71
Intl. Emerging Cos.	57.9	62.2	−0.1	0.77
Far East Growth Fd.	46.1	49.5	−0.2	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	100.2	107.4	−0.7	0.29
Prolific Extra Inc.	61.4	65.9	−0.1	6.25
Prolific Gilt Cap.	82.4	85.7	+0.3	3.21
Prolific High Inc.	129.6	138.2	...	5.38
Prolific Intl.	81.4	87.2	−0.6	1.71
Prolific N. Amer.	114.0	122.1	−1.0	2.66
Prolific Spec. Sits.	141.1	150.4	+1.4	1.49
Prolific Technology	98.7	105.7	−0.1	0.93

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.6	51.8	+0.1	—
Worldwide	47.4	50.7	...	2.81
European Trust	50.3	53.7	+0.2	2.17
North American	47.8	50.6	−0.4	2.05
UK Equity	49.7	52.6	+0.1	4.01

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-59, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Holborn Equity Tst.	324.1	344.7	+0.2	3.42
Holborn Gilt Tst.	155.1	162.1	+0.4	7.26
Holborn High Inc.	55.1	58.6	+0.1	6.95
Holborn Int.	59.2	62.9	+0.2	0.55
Holborn US Growth	63.8	67.8	—	3.39

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	316.6	336.8	—	3.80
Quadrant Income	174.5	185.7	—	6.08
Quadrant Intl. Fund	286.0	300.1	—	1.58
Quadrant Recovery	195.5	208.0	—	2.76

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV 01-628 6011

Wellington Inc.	50.5	52.8	+0.6	6.00
Wellington Growth	102.9	109.5	+1.0	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	134.1	141.8	+0.3	4.90
Reliance Unit Tst (Inc)	85.7	91.6	+0.3	5.06
Reliance Ut Tst (Acc)	110.6	118.3	+0.4	5.06

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

Income UT	88.6	94.7	—	7.04
International UT	213.2	228.0	—	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

NC America (Inc)	220.1	321.6	−0.6	1.44
NC America (Acc)	325.8	248.2	−0.6	1.44
NC Engy Res. Tst.	157.7	166.0	2	2.48
NC Int Fd.	68.3	71.8	—	4.97
NC Japan Fund	102.8	108.2	−0.9	0.02
NC Smaller Cos	105.3	110.8	+0.2	2.12

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	90.2	96.0	−0.1	1.52
Do. Accum	94.0	100.0	−0.1	1.52
TSB Extra Income	82.1	87.4	+0.3	6.53
Do Accum.	94.5	100.6	+0.3	6.53
TSB General	120.1	127.7	+0.2	3.39
Do. Accum.	194.4	206.9	+0.3	3.39
TSB Gilt & Fxd Int.	47.2	49.2	+0.1	9.41
Do. Accum.	58.0	60.5	+0.1	9.41
TSB Income	163.5	174.0	+0.2	5.07
Do. Accum.	246.6	262.4	+0.3	5.07
TSB Pacific	100.2	106.7	−0.4	0.62
Do. Accum.	102.8	109.4	−0.5	0.62
TSB International	223.5	237.8	−0.7	1.89
Do. Accum.	272.0	289.4	−0.9	1.89
TSB Natural Resources	45.3	48.2	...	2.09
Do. Accum.	45.6	48.6	−0.1	2.09
TSB Sictd. Opps.	46.9	49.9	−0.1	2.51
Do. Accum.	50.4	53.7	—	2.51

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	65.6	70.2	−0.2	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	63.5	[illegible]	−0.2	0.28
Australia	29.8	[illegible]	−0.1	0.10
Commodity	87.6	[illegible]	−0.4	1.99
Energy	94.6	[illegible]	—	0.32
Equity	99.9	[illegible]	+0.1	3.82
European Spec. Sits.	54.2	[illegible]	+0.7	0.63
Extra Income	88.7	[illegible]	+0.2	8.55
Financial	209.4	[illegible]	+1.0	2.55
Gilt Capital	222.5	[illegible]	+0.4	3.25
Gilt Income	100.7	105.[illegible]	+0.3	8.59
Gold Income	60.0	[illegible]	—	1.01
Gold Acc.	108.5	[illegible]	—	1.01
Income	40.3	[illegible]	+0.1	4.79
Japan	44.1	47.[illegible]	—	0.10
Malaysia & Singapore	22.4	[illegible]	—	0.68
Pacific Income	60.7	64.[illegible]	−0.4	0.52
Pacific Rr Inv	74.3	79.[illegible]	−0.5	0.52
Preference Share	15.7	16.[illegible]	...	10.30
Professional	487.5	520.[illegible]	−1.7	1.49
Special Sits	80.4	[illegible]	−0.1	1.16
Technology	40.5	[illegible]	—	0.10
U.S. Special Bond	48.9	[illegible]	−0.2	6.46
Worldwide Capital	107.9	[illegible]	−0.2	1.83
Equity Exempt July 30	629.3	671.[illegible]	—	2.44
Equity Ex Acc July 30	1,156.7	1,233.[illegible]	—	2.44

Temple Bar Unit Trust Mgrs Ltd
P.O. Box 442, 32 St Mary-at-Hill, EC3. 01-623 9333

Electra Small Cos. Fd.	117.7	124.2	—	4.16
High Income	41.2	44.2	—	7.30
North American	101.3	107.8	—	0.98
Recovery	122.4	130.2	—	3.99
Gilt Trust	37.6	39.0	—	9.66
St Vincent U.S. Gwth.	63.6	66.3	—	1.01
St. Vincent High Inc.	65.5	67.6	—	6.63

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	27.8	29.5	+0.3	0.86
TR General Growth	40.3	43.4	+0.3	3.05
TR Global Tech.	28.0	29.5	...	0.1
TR Income Growth	45.1	48.6	+0.1	4.28
TR Income Monthly	38.5	41.0	+0.1	7.64
TR Overseas Growth	31.6	33.6	−0.2	1.74
TR Smaller Cos.	41.8	44.5	+0.2	1.87
TR Special Ops	42.6	45.0	+0.4	1.14

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

INSURANCES

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage. 0438 356101

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Growth Pensions & Annuities Ltd.

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.73	+0.15	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.49	+0.08	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.34	+0.01	—
Dynamic Gwth Fd	$8.39	+0.01	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB. 01-588 1815				
Deposit	11.40	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.80	8.85	13.09	Mth
7-day Fnd	11.49	0.59	12.73	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.72	0.76	12.90	6-Mth
7-day Fund	11.40	8.55	12.54	6-Mth
Dollar	6.50	—	—	6-Mth
Money Mngt. Acct.	11.375	6.50	12.71	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF. 031-225 8484				
Full Service Cur Acc.	11.25	8.00	11.93	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	11.375	8.50	12.70	Qtr
Mth. Int. Chq.	11.25	6.41	12.60	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.85	8.11	12.01	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.15	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.32	12.34	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.29	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	9.00	13.30	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	11.00	8.25	12.27	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	11.50	8.59	12.98	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.0	8.22	12.18	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
High Int Cheque	11.25	8.25	12.16	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
U.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	10.70	8.00	11.92	Qtr
Provincial Trust (formerly Choularians) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.23	12.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H I U.A.	10.86	8.12	12.08	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	11.43	8.54	12.78	Qtr
Money Acc.	11.20	8.37	12.50	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.25	8.40	12.68	Mth
Over £10,000	11.50	8.60	13.00	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc.	11.56	8.64	12.74	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS
3-month call rates

Industrials	p		p
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk.	30
BOC Grp	25	NEI	8
BSR	16	Nat West Bk.	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect.	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	20	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J.)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons.	18	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs.	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met.	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brit. Oil & Min.	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd.	38	Charterhall	6
ICI	60	Premier	5
"Imps"	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Mr Block takes a Russian break

BY NANCY DUNNE IN WASHINGTON

SUPERPOWER relations may be a problem for the State department, but when Mr John Block, the U.S. Agriculture Secretary, arrives in the Soviet Union on Sunday, he will be leaving most of his own problems behind.

The trip will be a welcome break from Mr Block's battle with the congress over the costs of 1985 farm legislation, says the Secretary's press spokesman, Mr John Oakes. Mr Block plans to tour several farm operations—including a poultry farm and a horse stud breeding operation—in the USSR countryside along with his Soviet counterpart, Mr Valentin K. Mesyats.

Last year Mr Mesyats visited Mr Block's farm and helped with the harvest. This year, the Secretary could return the favour, says Mr Oakes.

Selling wheat

Aside from playing tourist, Mr Block does want to sell some wheat. Mr Oakes claims it is "no big worry" that the USSR has been absent from the U.S. wheat market for some time and has bought only 2.9m tonnes of the 4m it is committed to purchase by October 1 under the long term agreement.

"We're pleased that they have bought so much maize," he said, "particularly with a record crop on the way."

Moscow thus far has purchased 15.8m tonnes of maize, mer for grains.

After almost a week in the Soviet Union, Mr Block will head for Hungary, for more sales talks. Hungary could

John Block: leaving his problems behind

and remains the best U.S. customer become the first target for the Mr Block's export bonus programme outside the Middle East or North Africa.

Mr Block badly needs to produce some results on this trip. Only two days ago, the agriculture department predicted that 1985 farm exports would total about $32bn, down $1.5bn from the May estimate and nearly 16 per cent below 1984's $38bn.

Export volume is forecast at 129m tonnes, 6 per cent below the May forecast and down more than 9 per cent from 1984, and next year looks no better, the department said.

Exports decline

"Current global supply and demand estimates indicate that fiscal 1986 agricultural exports may continue to decline, largely reflecting reduced grain and cotton exports."

Meanwhile, USDA said agricultural imports are expected to reach $20bn, which is up $500m from the May estimate. It drops the favourable U.S. balance of agricultural trade from a 1981 high of $26.56bn to a comparatively weak $12bn.

The department also reported this week that in 1985 the U.S. would bring to market its smallest wheat crop in six years. But wheat stocks are projected to climb to 1.5bn bushels, just shy of the 1983 record, and the pessimistic outlook projects reduced domestic demand, the smallest export volume in seven years and the lowest farm prices since 1978.

Faced with a worsening farm picture, Mr Block says he is determined to keep congress from attaching too many "budget-busting" amendments to the 1985 farm bill. The budget process, he complains, has become "a bidding process" for the members' constituents, and the price of the farm bills in the committees are more than $15bn over next year's budget.

But out on the farm belt, vacationing congressmen are reportedly hearing new opposition to administration proposals to drop support prices.

"There is a new realisation out there that lower prices may boost the U.S. market share—but it is a shrinking market," says one observer.

Mr Block has another problem out in the farmbelt. A Federal appeals court this week ruled that he can be sued by a group of Iowa farmers for not implementing three disaster relief programmes created by Congress.

Pleasure ahead

The circuit court, which ruled, sent the case back to a Federal court in Des Moines, for trial on whether the Secretary acted properly in denying disaster assistance to farmers affected by a 1983 drought.

The case could lead to assistance payments in millions of dollars to a large number of farmers in southern Iowa.

So, a visit to the heart of what President Reagan used to call "the evil empire" may be the only pleasure ahead for the American agriculture secretary.

UK harvest prospects hang in the balance

By John Buckley

TWO WEEKS of dry weather are needed to prevent much of the 1985 British wheat crop deteriorating to the point where even feed users will expect heavy discounts, according to merchants and farm co-operatives.

Harvest has continued in those southern counties where rainfall has been light or intermittent, but in many areas, including the eastern regions, farmers have only just begun to cut the crop.

Many early wheat samples combined in the western home counties are reported to be of indifferent quality. Grain flattened by wind and rain has often sprouted, reducing bushel weight and ruining milling potential.

Another ten days of rainfall and later harvested northern crops will start to suffer, too.

Rapeseed crop estimates have also dropped sharply. Mr Mike Bearman of leading rapeseed merchants, Quenby Price, says the crop "will be lucky to top 820,000 to 830,000 tonnes, with national average yields in the region of 23/24 cwt. Some storm-damaged fields have shown pod split and feed scattered on the land, turning in as little as 5 cwt."

● THE Sri Lankan Government has summoned executives of Brooke Bond and Lipton, the two Unilever-owned tea companies, for talks on the implications of Unilever's takeover of Brooke Bond last year, writes Andrew Gowers.

According to reports from Colombo, the Government is concerned at the possibility of a merger between the two companies, which jointly control about 15 per cent of Sri Lanka's tea exports, fearing that it could lead to an accumulation of excessive market power.

In London, Unilever confirmed that Brooke Bond and Lipton executives had been called in by the Government, but said talk of a merger between the two was "speculation."

Our Chicago Correspondent on a broker's demise

Picking over Conti's bones

THE U.S. futures industry has been bathed in a sense of *deja vu* in recent weeks.

When Donaldson Lufkin Jeanrette's futures group, DLJ Futures, fell into the arms of Refco, the aggressively expanding Chicago financial services company, in early July, it evoked painful memories of the demise of the first and most successful U.S. commodity brokerage of the 1970s, Conti Commodities.

Conti was sold to Refco by its famous, but secretive, parent, Continental Grain, for a price estimated at only $7m to $10m nearly a year ago. The sale, which ended the commodity brokerage's 15-year career, was also a tangible signal that the 1970s boom in commodity speculation was at an end.

Refco subsequently fired an estimated 400 Conti employees as it absorbed the company.

The industry's contraction has continued into 1985 with the sale, merger or collapse of another 35 companies. And since the Conti sale last Labour Day, brokers and traders in Chicago have been picking almost obsessively over the company's bones in search of lessons on how to avoid a similar fate themselves.

The conclusion they have reached is fairly simple: Conti's problems were as much a result of its own internal management shortcomings as of fundamental changes in the surrounding marketplace.

The entrepreneurial spirit which characterised its sales managers and account executives — among the most sought-after by other firms in the industry — ended up pushing it to the brink when several projects got out of control.

Conti was formed in 1969 as a subsidiary of Continental Grain, one of seven family-run companies which dominate the grain trade. Conti in its heyday was the third largest commodity brokerage operation in the U.S. and one of the seven largest in the world, daily handling multi-million dollar agricultural fixtures positions.

Riding on the crest of the inflationary 1970s and the legendary bull markets in grains of the time, Conti collected nearly $100m in commission revenues in its best years.

By the end of the 1970s, Conti had expanded to 35 offices worldwide, with 1,400 employees. According to one broker, the corporate ethos was "hire big producers." Unfortunately, it was this "think big" philosophy that was the beginning of Conti's undoing.

By 1980 the effects of a deteriorating economy with soaring interest rates, and the prospect of grain surpluses and collapsing commodity prices,

reduced the volatility of the agricultural markets, as well as the attraction of speculation for the retail trader. No longer would agriculturals be the bread and butter of the industry. Conti lost millions of dollars when one of its big customers failed to meet a margin call on silver and had to be bailed out by its parent.

The collapse of the silver market, combined with the mass exodus of many of Conti's most skilled financial personnel, left the company in a bind. A former Conti official noted, "Losses like these can really burn." A noticeable shift in corporate culture resulted from these changes, with the adoption of the language of currencies and debt instruments rather than maize and soyabeans.

Given Conti's uncertainty and inexperince in a new market environment, the presidency passed from Mr Walter Goldschmidt, a friend of Mr Michel Fribourg, Continental Grain's head to Mr Herbert Evers, a former official of Marine Midland Bank, who reorientated the firm's business toward financial futures. By 1984, 43 per cent of Conti's business was in financials, an increase of 30 per cent in four years. Six out of the 10 largest U.S. investment banks had used Conti's futures execution services at one time or another.

But financial futures proved no salvation. In 1978, commissions in the futures industry were deregulated, and the entry of financial institutions by 1980 began to drive them down sharply. Entrepreneurial as always, Conti began to spread its business into money management in the form of commodity arbitrage. Early in 1984, problems began to surface at Conti's Pearl River, New York office (subsequently dubbed Conti's Pearl Harbour), where a sugar arbitrage programme got out of hand.

The gist of this rather convoluted story was that investors in the programme were misled as to the true causes of an alleged $7.5m in trading losses. Participants claimed that they were continually stonewalled when it came to obtaining information about their own programme account balances.

The usual comment from the company was, "there's nothing to be upset about because you're making money."

This is a good example of a company whose lack of proper and sufficient internal controls brought it down and into the hands of another firm. In the case of Conti in particular, and the commodity industry in general, the glory years of inflated agricultural markets led to a general disregard for the efficacy and security of operations.

The fates of companies are not necessarily due to the vagaries of the market. When agriculturals plummeted and Conti was waterlogged in red ink, the company wanted to take immediate and full advantage of a changed financial landscape without having the appropriate managerial tools for the longer run.

The previous article in this series on the futures industry appeared on August 14.

Brazil nears orange crop price agreement

BY ANN CHARTERS IN SAO PAULO

BRAZILIAN orange juice processors and citrus growers last night appeared to be nearing an agreement on pricing for this year's orange crop, argument over which is said to have disrupted orange juice exports in the past few weeks.

The two sides met yesterday for the third time in six days in a bid to arrive at a consensus on average costs per tonne of orange juice concentrate. Cacex, Brazil's foreign trade authority, was acting as a mediator in the talks.

Cacex has stipulated that processors pay Cr 20,000 ($2.95) per box for this year's output. However, although the manufacturers have agreed to this sum, they insist that taxes, freight and harvesting costs should be deducted from any payments to growers.

To back its argument, Cacex is alleged by the manufacturers to have withheld orange juice export registrations, although it denies this.

Some of the pressure on processors was relieved this week when Cacex issued licences for 10 shipments of frozen concentrated orange juice totalling 30,000 tonnes. The processors had begun to worry about ships lined up in the port of Santos ready to load, as no licences had previously been issued since July 31.

But according to Abrassucros, the manufacturers' federation, the basic position remains the same: that Cacex will not issue more export licences until the two sides have agreed on a price.

As they went into yesterday's meeting, manufacturers and growers were close to an agreement on a figure relating to processors' net cost per tonne, which according to Abrassucros averages $744 from harvesting oranges to loading orange juice concentrate at Santos.

Once a consensus on cost has been reached, the two sides still have to decide how this translates into price per box, with an allowance for profits.

Meanwhile, growers are becoming increasingly angry at the delay, as their fruit deliveries continue but payments are held up.

LONDON MARKETS

STERLING'S renewed strength against the dollar caused a general fall in base metal prices on the London Metal Exchange yesterday, with copper dropping to its lowest level in more than 13 months after a decline on the New York Comex market. Cash nickel lost £100 on the day to reach £3,415 at the unofficial close, its fall fuelled by expectations that the strike at Falconbridge's mines at Sudbury, Ontario would end shortly. Cocoa futures ended an active session near their highest levels since early July, bolstered by continuing concern over possible pod damage to crops in Brazil and doubts over West African production following heavy rain.

LME prices supplied by Amalgamated Metal Trading

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Aug 22 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt	$1055/075		$1040/070
Copper			
Cash h Grade	£986	—18.5	£1097.5
3 mths	£1915.25	—19	£1077.5
Gold Troy oz	$335	+0.75	$317.75
Lead Cash	£296.25	—0.75	£290.5
3 mths	£300.75	—0.5	£297.75
Nickel			
Free Mkt	222/242c		227/257c
Palladium oz	$106.75	+0.75	$94.35
Platinum oz	$330.25	+0.5	$275.10
Quicksilver†	$290/300		$285/295
Silver troy oz	449.05p	—1.20	452.95p
3 months	460.65p	—1.85	445.20p
Tin cash	£9085.5	—12	£9107.5
3 months	£9050.5	—7.	£9090.5
Tungsten	$72.09		$67.49
Wolfram 22.0lb	$66/70		$62/66
Zinc	£513	—11.5	£543
3 months	£518.5	—11	£537.75
Producers	$830		$830

	Aug. 22 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$415x	—15	$585
Palm Malayan	$415y		$457.5
SEEDS			
Copra Phil	$315x		$340
Soyabean (U.S.)	$214.25w	+1.75	$224.1
GRAINS			
Barley Fut. Nov.	£102.80	—0.40	£100.9
Maize	£135.40		£137.05
Wheat Fut. Nov.	£102.35	—0.40	£101.1
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1763.5	+29	£1686.5
Coffee Ft. Nov.	£1682	—12	£1933
Cotton A Index	56.60c		59.90c
Gas Oil Oct.	$236	+2	$220.5
Rubber (kilo)	61.25p	—0.75	63p
Sugar (raw)	$111.0x	—7.0	$100
Wooltops 64s	425p kilo	—5	428pkilo

‡ Unquoted. x Aug-Sept. w Sept. y Oct. † Per 76-lb flask. c Cents per pound.

INDICES

FINANCIAL TIMES

Aug. 21	Aug. 20	M'th ago	Year ago
252.42	251.75	260.96	292.94

(Base: July 1 1952 = 100)

REUTERS

Aug. 22	Aug. 21	M'th ago	Year ago
1673.9	1683.4	1673.5	1840.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 21	Aug. 20	Month ago	Year ago
Spot	115.42	114.88	—	129.77
Fut.	114.81	114.44	—	127.67

(Base: December 31 1974 = 100)

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Oct	100.20	110.00	116.2-116.0
Nov	111.00	110.90	111.0-110.4
Feb	100.40	100.40	100.4
April	100.80	100.79	—
June	100.09	100.50	100.5-100.3
Aug.	99.70	99.80	99.6

Sales: 43 (10) lots of 50 carcases, 3,250 kg.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	727-8	—6	[illegible]
3 months	750.5-1	—8.5	[illegible]

Official closing (am): Cash 728.5-9 (733.5-4), three months 751.5-2.5 (757.5-8), settlement 729 (734). Final Kerb close: 751-2. Turnover: 14,300 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	986-7	—18.5	998.5/987.5
3 months	1015-.5	—19	1028/1021.5

Official closing (am): Cash 996.5-7 (1,045-5), three months 1,025-.5 (1,032-.5), settlement 997 (1,005). Final Kerb Close: 1,014.5-15.

Cathodes			
Cash	967-60	—17	974/972
3 months	987-90	—16.5	—

Official closing (am): Cash 973-4 (976-7), three months 998-9 (1,006-8), settlement 974 (977). Turnover: 21,800 tonnes. U.S. Producer prices: 65.5-64 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	295.5	—0.70	[illegible]
3 months	300.5	—0.5	[illegible]

Official closing (am): Cash 296-.25 (297.5-8), three months 301.5-2 (299.75), settlement 296.25 (298.75). Final Kerb close: [illegible]. Turnover: [illegible] tonnes. U.S. Spot: 18 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	3410-20	—100	3418/3415
3 months	3470-80	—96	[illegible]

Official closing (am): Cash 3,415-20 (3,535-45), three months 3,475-85 (3,590-5), settlement 3,420 (3,545). Final Kerb close: 3,475-80. Turnover: 1,020 tonnes.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	512-4	—11.5	512/514
3 months	518-9	—11	[illegible]

Official closing (am): Cash 513-4 (526-7), three months 519-.5 (530-1), settlement 514 (527). Final Kerb close: 517-18. Turnover: 9,050 tonnes. U.S. Prime Western: 41-41.75 cents per pound.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low for day
Cash	9085-6	—12	9085/9085
3 months	9053-4	—12	9051/9051

Official closing (am): Cash 9,085-7 (9,085-100), three months 9,051-5 (9,085-70), settlement 9,087 (9,100).

Standard			
Cash	9066-6	—12	9086/9086
3 months	9050-1	—10	9050/9050

Official closing (am): Cash 9,086-7 (9,095-100), three months 9,055-60 (9,062-5), settlement 9,087 (9,100). Final Kerb close: 9,050-52. Turnover: 1,475 tonnes. Straits tin $m 30.82 (30.78) kilo.

GOLD

Gold rose $¾ to $335¾-336¼ on the London bullion market yesterday. It opened at $336¾-337¼ and was fixed at $337.60 in the morning and $335.50 in the afternoon. The metal touched a peak of $339-339½ and a low of $334¾-335¼, losing ground after the firm start, as South African miners postponed the strike due to start on Sunday.

GOLD BULLION (fine ounce) Aug. 22

Close	$335¾-336¼	(£238¼-238¾)
Opening	$335¾-337¼	(£239½-240)
M'n'g fix	[illegible]	[illegible]
Aft'n'n fix	[illegible]	[illegible]

GOLD AND PLATINUM COINS

[illegible]

SILVER

Silver was fixed 1.2p an ounce lower for spot delivery in the London bullion market yesterday at 449.05p. U.S. cent equivalents of the fixing levels were: spot 630.0c, up 5.5c; three-month 641.4c, up 5.0c; six-month 653.65c, up 4.9c; and 12-month 680.85c, up 4.15c. The metal opened at 448½-449½p (626-631c) and closed at 447½-448½p (626-631c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	449.05p	—1.2	445.5p	—5
3 months	460.65p	—1.65	458.75p	—4.75
6 months	472.20p	[illegible]	—	
12 months	497.50p	[illegible]	—	

LME—Turnover: 110 (58) lots of 10,000 oz.

Three months high 462, low 458.5, final kerb 458-60.

COCOA

Renewed commission house buying steadied prices by £25-£30 in active trading. Trade hedge selling against origin sales caused only modest resistance and was absorbed in buoyant market conditions, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Sept.	1730-1732	+16.0	1755-1722
Dec.	1763-1764	+29.0	1758-1738
Mar.	1764-1765	+27.5	1765-1750
May.	1770-1774	+22.5	1775-1760
July	1781-1784	+23.5	1784-1771
Sept.	1789-1791	+22.5	1786-1778
Dec.	1790-1795	+22.5	1796-1784

Sales: 4,045 (2,377) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for August 22: 107.15 (104.20); five-day average for August 23: 104.57 (103.97).

COFFEE

Following stronger sterling and slight losses in New York, London opened £10-£17 lower, reports Drexel Burnham Lambert. Conditions were again quiet but volume was fair in a narrow range as less commission house switching interest inflated the turnover.

COFFEE	Yesterday's Close	+ or —	Business Done
Sept.	1645-50	—13.0	1650-40
Nov.	1680-84	—12.0	1687-40
Jan.	1715-16	—11.0	1723-12
March	1742-45	—12.0	1750-37
May.	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]

Sales: 2,398 (1,621) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for August 21: Comp. daily 1979 120.49 (121.71); 15-day average 119.59 (119.36).

GRAINS

Both wheat and barley reacted to recent gains and finished the day about 40p down as profit-taking set in. Much speculation on weather conditions, trade was fairly light, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

Business done—Wheat: Sept 100.50-99.75, Nov 102.65-2.25, Jan 106.40-6.00, Mar 108.45-8.00, May 112.80-2.70. July untraded. Sales: 253 lots of 100 tonnes. Barley: Sept 100.00-99.60, Nov 103.20-2.80, Jan 106.15-6.35, Mar 108.65-9.30, May 112.05 only. Sales: 66 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent Sept 119, Oct 120, Nov 121.25, Dec 123.30 sellers transhipment east coast. U.S. no 2 soft red winter Sept 104.25, Oct 107.75, Nov 109.75, Dec 111 sellers. EC spot 116.50. English feed fob Sept 102.25, Oct 103.25, Jan/Mar 110.50, April/June 115.50 sellers east coast. Maize: U.S. no 3 yellow/French transhipment east coast Aug 133.40, Oct/Dec 130.00 sellers. Barley: English feed fob Oct 104 paid east coast Scotland, Sept 102 east coast, Oct 106.50 English/Scottish and 107 English, Jan/Mar 112 east coast. Rest unquoted.

NGCA—Locational ex-farm spot prices. Feed barley: E. East 95.30, S. West 93.60, W. Mids 92.20, N. East 90.10. The UK monetary coefficient for the week beginning Monday August 26

PIGMEAT

Business was again concentrated on November, presumably in anticipation of rising pre-Christmas prices. Physical positions remained quietly steady, reports CCST Commodities.

OIL

Spurred first by gas oil and then U.S. gasoline prices Brent firmed 15-20c. Middle East grades were quiet but active trade in African crudes confirmed recent high prices quoted. By 1.30 EDT Nymex was trading 13c up for October. In the petroleum products market the active and firm barge market combined with firm crude to lift gas oil, especially for September 1-15. Naphtha firmed in sympathy with the Nymex. Heavy fuel prices were stable. Fuel oil demand continued from power stations in the UK and on the Continent but buyers were generally unwilling to pay what sellers wanted—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Sept.		
Arab Light	[illegible]	
Arab Heavy	[illegible]	
Dubai	[illegible]	
Brent Blend	27.60-27.75	+0.30
W.T.I. (1pm est)	[illegible]	[illegible]
Forcados (Nigeria)	[illegible]	[illegible]
Urals (cif NWE)	[illegible]	[illegible]
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	256-257	
Gas Oil	[illegible]	
Heavy fuel oil	143-145	—0.5
Naphtha	243-245	+3.5

* October. Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Sept.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]

Turnover: 1,526 (2,078) lots of 100 tonnes.

POTATOES

After recent strong price movements in both directions, the market opened on a cautious note at slightly higher levels and consolidated in quiet trade. Renewed buying interest ahead of the long weekend and on adverse weather prospects firmed the market, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	60.30	58.40	60.50-58.50
Feb.	70.50	68.30	—
Apr.	84.80	82.80	85.00-83.80
May.	90.20	88.70	90.50-89.90

Sales: 543 (894) lots of 40 tonnes.

FREIGHT FUTURES

Against a background of a steady but quiet physical market, futures continued to steady. Most of the rise was restricted to the nearby October position. The highs were seen mid-afternoon and final trades were off the highs, reports Clarkson Wolff. The Baltic Freight Index was 736, up 4.5.

	Close	High/Low	Prev
Oct.	844/846	846/832	837/832
Jan.	901/902	905/892	895/898
April	943/945	943	938/840
July	870/885	—	850/870
Oct.	945/1000	—	930/990
Jan.	980/1029	—	1000/1080
April	1000/1050	—	1000/1089
July	970/1000	—	980/1000

Turnover: 111 (96).

RUBBER

The London physical market opened slightly easier, continued to drift throughout the day and closed on a weak note, reports Lewis and Peat. Closing prices (buyers): spot 61.25p (62.00p); Sept 57.50p (58.25p); Oct 57.25p (58.00p). The Kuala Lumpur fob price for RSS No 1 was 184.75 (185.25) cents a kg and for SMR 20 was 150.5 (181.25).

SOYABEAN MEAL

The market opened about unchanged in thin trading conditions, reports T. G. Roddick. Prices moved higher as commission house buying below stronger sterling tempered gains.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
October	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]

Sales: 100 (348) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $111.50 (£79.50), up $1.00 (down £0.50) a tonne for August-September delivery. White sugar $158.00, down $5.00.

No. 6 Contract	Yesterday's close	Previous close	Business done
	$ per tonne		
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Sales: 2,376 (2,595) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £182.00 (£183.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for August 21: Daily price 4.10 (4.16); 15-day average 4.34 (4.35).

U.S. MARKETS

PRECIOUS METALS declined sharply on the postponement of the South African strike and a firmer tone to the dollar, reports Heinold Commodities. The weak tone to durable-goods-orders in June pressured copper values. Aluminium was steady reflecting a lack of fresh interest. Sugar recovered from early losses as fresh demand emerged. Cocoa was supported by continuing concerns of pod rot in key producing areas. Coffee found light support from an oversold condition. Cotton weakened on renewed speculative selling, particularly in December, as cash supplies remain generally adequate. Heating oil opened strong and rallied further early in the day as higher spot quotations attracted some short-covering as well as new technical buying; profit-taking pared the early gains but all energy markets appeared to find strong support on the break from the highs. Grains and soyabeans moved lower in early trade on profit-taking following Wednesday's strong advance; soyabean prices firmed later as soyabean meal prices remained strong on expected good export demand.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	45.05	—	—	44.95
Sept	45.15	45.20	45.10	45.10
Oct	45.50	—	—	45.45
Dec	46.25	46.25	46.20	46.15
Jan	46.60	—	—	46.50
March	47.35	47.35	47.30	47.25
May	48.05	—	—	47.95
July	48.75	—	—	48.65
Sept	49.45	—	—	49.35
Jan	50.85	—	—	50.75

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	2165	2195	2160	2142
Dec	2220	2256	2220	2231
March	2261	2286	2251	2264
May	2280	2289	2275	2275
July	2300	2300	2300	2310
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	141.50	—	—	141.00
Dec	142.75	—	—	141.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	59.20	—	—	58.90
Sept	59.30	59.80	59.10	60.00
Oct	59.75	—	—	60.45
Dec	60.50	61.00	60.40	61.30
Jan	60.95	—	—	61.60
March	61.60	62.00	61.50	62.25
May	62.10	62.30	62.00	62.75
July	62.60	63.00	62.65	63.25
Sept	63.10	63.25	62.90	63.75
Dec	63.85	64.00	64.00	64.50

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	57.93	58.47	57.45	58.47
Dec	58.32	58.65	58.00	58.75
March	59.57	59.75	59.44	59.97
May	59.89	59.95	59.75	60.14
July	59.75	59.80	59.60	60.00
Oct	54.81	—	—	55.13
Dec	53.91	54.00	53.90	54.25

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Oct	27.95	28.06	27.93	27.88
Nov	27.50	27.66	27.50	27.44
Dec	27.22	27.40	27.22	27.19
Jan	26.98	27.15	26.38	26.94
Feb	26.90	26.95	26.80	26.70
March	26.53	26.62	26.53	26.46
April	26.38	26.38	26.30	26.18
May	26.10	26.10	26.04	25.91
June	25.90	25.93	25.30	25.64
July	25.70	25.70	25.70	24.48

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	333.5	338.2	332.5	338.9
Sept	334.4	—	—	339.5
Oct	336.6	342.1	333.0	341.8
Dec	340.9	346.4	337.0	346.2
Feb	345.2	351.0	342.0	350.6
April	349.6	355.0	346.2	355.0
June	354.3	357.7	352.0	359.2
August	359.2	363.0	363.0	364.9
Oct	364.3	—	—	370.1
Dec	369.5	373.0	369.0	376.4
Feb	374.9	—	—	380.9
April	380.0	—	—	386.0
June	359.4	388.0	388.9	392.6

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Sept	75.00	75.46	74.85	74.63
Oct	75.85	76.35	75.66	75.63
Nov	76.45	76.90	76.30	76.34
Dec	77.00	77.50	76.95	76.93
Jan	77.30	77.70	77.20	77.15
Feb	76.75	77.10	76.50	76.65
March	73.70	74.00	73.85	73.80
April	71.20	71.70	71.70	71.30
May	71.05	—	—	70.70

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	134.60	135.20	134.25	135.00
Nov	131.25	131.50	130.60	131.50
Jan	126.25	128.50	128.00	129.00
March	126.70	127.19	126.50	127.60
May	125.85	125.75	125.75	128.75
July	125.85	—	—	126.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
August	320.6	—	—	332.7
Oct	322.6	337.5	318.0	334.7
Jan	325.1	339.5	320.0	337.4
April	328.5	344.0	323.8	341.0
July	332.4	343.0	331.0	345.5
Oct	336.6	354.2	346.0	350.8

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
August	[illegible]	[illegible]	[illegible]	631.3
Sept	[illegible]	[illegible]	[illegible]	632.5
Oct	[illegible]	[illegible]	[illegible]	636.6
Dec	[illegible]	[illegible]	[illegible]	645.3
Jan	[illegible]	[illegible]	[illegible]	648.9
March	[illegible]	[illegible]	[illegible]	658.4
May	[illegible]	[illegible]	[illegible]	667.0
July	[illegible]	[illegible]	[illegible]	677.3
Sept	677.8	687.0	673.0	687.0
Dec	693.2	705.0	690.0	703.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	3.95	4.02	3.82	3.98
Oct	4.15	4.17	3.98	4.12
Jan	4.22	4.25	4.10	4.25
March	4.58	4.58	4.41	4.58
May	4.72	4.72	4.57	4.76
July	4.92	4.92	4.74	4.94
Sept	4.98	—	—	5.10
Oct	5.22	5.25	5.07	5.27

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	56.26	56.90	56.20	55.62
Dec	57.30	57.90	57.15	57.77
Feb	57.47	58.25	57.45	58.22
April	58.45	59.32	58.40	59.20
June	59.40	60.20	59.25	60.20
August	58.40	58.60	58.40	58.75

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	36.27	37.30	36.25	37.00
Dec	38.12	39.40	38.10	38.82
Feb	39.77	41.17	39.75	40.67
Apr	37.22	38.25	37.19	37.92
June	40.05	41.40	40.05	40.75
July	41.02	41.70	40.60	41.67
August	40.87	41.45	40.55	41.20
Oct	38.95	38.97	38.75	39.15
Dec	40.00	40.00	40.00	—

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Sept	234.6	235.0	231.0	231.2
Dec	225.0	225.2	222.4	223.0
March	233.4	233.4	230.6	231.5
May	237.0	237.4	235.2	236.2
July	239.0	238.0	236.4	237.2
Sept	227.2	227.2	225.2	226.0
Dec	223.2	223.0	221.2	222.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
August	44.45	46.25	43.50	43.30
Feb	56.20	58.37	58.10	57.87
March	56.05	58.25	56.00	57.72
May	57.40	59.30	57.25	59.20
July	57.56	59.50	57.56	59.19
August	56.05	57.30	56.05	57.35

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	513.4	513.6	506.2	509.4
Nov	514.4	515.0	508.0	512.2
Jan	523.0	524.0	516.6	521.0
March	533.2	533.4	526.6	531.4
May	541.4	543.9	534.4	540.2
July	544.0	544.0	539.6	544.0
Sept	540.0	—	—	539.0
Nov	539.0	540.0	535.4	538.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Sept	124.8	124.7	123.0	123.4
Oct	126.0	126.2	124.8	124.5
Dec	129.4	129.8	127.0	127.6
Jan	131.2	131.5	128.7	129.1
March	134.2	134.5	131.0	132.3
May	136.5	136.0	134.5	135.0
July	139.0	139.0	137.0	137.0
Sept	140.5	—	—	137.0
Oct	141.0	—	—	—

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Sept	22.39	22.60	22.28	22.63
Oct	22.27	22.50	22.20	22.50
Dec	22.18	22.52	22.12	22.62
Jan	22.25	22.65	22.25	22.72
March	22.57	22.85	22.50	23.00
May	22.78	23.00	22.75	23.17
July	22.85	23.19	22.85	23.19
Sept	23.00	23.00	22.86	22.98

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	285.0	285.6	281.4	283.6
Dec	299.0	299.2	295.0	298.2
March	304.4	304.4	301.0	304.0
May	299.0	299.2	294.6	298.6
July	275.0	276.4	272.6	276.0
Sept	278.4	—	—	279.4

SPOT PRICES—Chicago loose lard 17.50 (same) cents per pound. New York tin 586.0-90.0 (580.0-84.0) cents per pound. Handy and Harman silver bullion 629.0 (same) cents per troy ounce.

OTHER MARKETS

PARIS

COCOA—(FFr per 100 kg): Sept 2040/2047, Dec 2032/2035, Mar 2050/2055, May 2055 bid, July 2065 bid, Sept 2075 bid, Dec 2085 bid.

SUGAR—(FFr per tonne): Oct 1300/1302, Dec 1290/1300, Mar 1300/1302, May 1320/1330, Aug 1360/1375, Oct 1445/1448.

HIDES

HIDES—Manchester (Leeds). Second clears. P per kg. (W=withdrawn). Ox: 31-35.5 kg. 91.0 w (92.0 w); 26-30.5 kg. 106.2 (107.1 w); 22-25.5 kg. 112.0 (112.0 w). Cows: under 25.5 kg n/a (105.0 w).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.25p per kg lw (—2.86). GB—Sheep 161.05p per kg est dcw (—11.27). GB—Pigs 78.67p per kg lw (—1.38).

SMITHFIELDS—Pence per pound. Beef—Scotch killed sides 78.0-82.0; English forequarters 54.0-58.0; Ulster hindquarters 85.0-90.0, forequarters 53.0-55.2. Veal—Dutch hinds and ends 138.0-142.2. Lamb—English small 70.0-76.0, medium 66.0-68.0, heavy 64.0-66.0; Scotch medium 64.5-66.0, heavy 63.0-64.5; Imported: New Zealand PL 65.0-65.5, PX 64.5-65.0. Pork—English under 100 lb 49.0-56.5, 100-120 lb 49.5-54.5, 120-160 lb 42.5-49.0.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 611.0, 613.0, nil; Dec 616.0, 617.0, 617.0; Mar 623.0, 625.0, nil; May 630.0, 635.0, nil; July 635.0, 638.0, nil; Oct 622.0, 634.0, nil; Dec 625.0, 640.0, nil; Mar 635.0, 647.0, nil. Sales: 5.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 36 tonnes. Activity centred on West African varieties.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Durable goods upset dollar

The dollar closed in London at the lowest level against the D-mark since June last year. It was generally expected that July U.S. durable goods orders would show a fall after the rise of 3.6 per cent in June, and this set of statistics is notoriously volatile. But forecasters were generally looking for a drop of around 2 per cent. The published fall of 2.8 per cent was therefore worse than anticipated and put downward pressure on the dollar. After a quiet morning, with the U.S. currency trading around DM 2.75, it fell in the afternoon to a low of DM 2.7325. There appears to be strong resistance at around DM 2.74 however, and this support point has not yet been broken. The dollar rebounded a little later in the afternoon, to finish above the day's lows.

The dollar fell to DM 2.7425 from DM 2.7655 FFr 8.3750 from FFr 8.4475; SwFr 2.2435 from SwFr 2.2665 and Y235.85 from Y236.95. On Bank of England figures the dollar's index declined to 135.3 from 136.5.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. July average 1.3783. Exchange rate index rose 0.7 to 82.4. It opened at 82.1 and was unchanged until rising to 82.2 at 1 pm, before finishing at the day's peak.

Sterling traded fairly quietly, as attention focused on the dollar, but the pound was again able to benefit from the weakness of the U.S. currency. As the Bank of England gave no encouragement to hopes of lower London clearing bank base rates, sterling advanced to finish firmer against all major currencies including the dollar. The pound touched a peak of $1.4115 in the afternoon, after publication of the U.S. durable goods figure. It had been steady at around $1.4025 for most of the morning, and closed 1.45 cents higher on the day at $1.4070-1.4080. Sterling also rose to DM 3.8625 from DM 3.85; FFr 11.79 from FFr 11.73; SwFr 3.1575 from SwFr 3.1550; and Y331.75 from Y329.50.

D-MARK — Trading range be looking for nothing worse than 1.5 per cent down, compared with a rise of 3.6 per cent in June. against the dollar in 1985 is 3.4518 to 2.7425. July average 2.9134. Exchange rate index 127.4 against 118.1 six months ago.

The D-mark rose against the dollar as a result of a much larger than expected fall in July U.S. durable goods orders. Although a fairly sharp fall had been forecast elsewhere, the Frankfurt market appeared to

STERLING INDEX

	Aug 22	Previous
8.30 am	82.1	81.8
9.00 am	82.1	81.7
10.00 am	82.1	81.8
11.00 am	82.1	81.8
Noon	82.1	81.8
1.00 pm	82.1	81.8
2.00 pm	82.2	81.7
3.00 pm	82.2	81.7
4.00 pm	82.4	81.7

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.0825	+0.56	+0.97	±1.5425
Danish Krone	8.12857	8.08629	−0.52	−0.11	±1.6421
German D-mark	2.23840	2.22419	−0.63	−0.22	±1.1455
French Franc	6.85402	6.79597	−0.99	−0.58	±1.3654
Dutch Guilder	2.52208	2.50499	−0.68	−0.27	±1.5162
Irish Punt	0.724578	0.713612	−1.51	−1.10	±1.6673
Italian Lira	1520.60	1493.04	−1.81	−1.81	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	Aug. 22	Prev. close
£ Spot	$1.4060-1.4070	$1.4050-1.4060
1 month	0.48-0.45pm	0.48-0.45pm
3 months	1.20-1.16pm	1.16-1.15pm
12 months	2.90-2.78pm	2.78-2.68pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

August 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4015-1.4115	1.4070-1.4080	0.48-0.45c pm	3.96	1.19-1.14pm	3.31
Canada	1.8973-1.9080	1.9050-1.9060	0.50-0.41c pm	2.86	1.16-1.01pm	2.28
Nethlnd.	4.33-4.36½	4.34-4.35	2⅛-2c pm	6.04	6¾-6⅝pm	6.62
Belgium	77.97-78.39	78.10-78.20	17-9c pm	2.00	32-18pm	1.28
Denmark	13.99¾-14.06½	14.03½-14.04½	4½-3½ore pm	3.31	10½-8½pm	2.81
Ireland	1.2376-1.2438	1.2389-1.2408	0.24-0.10p pm	1.64	0.31-0.29pm	1.29
W. Ger.	3.84½-3.86½	3.85½-3.86½	2½-2⅜pf pm	7.57	6¾-6⅝pm	6.86
Portugal	228-231¼	228½-231½	65-410c dis	−12.36	430-1470dis	−16.49
Spain	227½-228	227⅝-227⅞	35-150c dis	−4.88	225-415dis	−5.63
Italy	2,583½-2,601	2,589½-2,590½	2 lire pm-3 dis	−0.23	6-16dis	−1.85
Norway	11.44-11.48¼	11.45-11.46	½-1ore dis	−0.65	3½-4dis	−1.27
France	11.75-11.82	11.78½-11.79½	1½-⅜c pm	1.27	½pm-1½dis	−0.11
Sweden	11.54-11.57¾	11.54½-11.55½	3½-4ore dis	−3.70	8½-10½dis	−3.48
Japan	331-332½	331½-332½	1.58-1.49y pm	5.56	4.19-4.08pm	4.97
Austria	27.08-27.14	27.09-27.13	15½-14½gro pm	6.58	41½-37½pm	5.80
Switz.	3.14½-3.16½	3.15½-3.16½	2-1⅞c pm	7.36	5½-5⅛pm	6.65

Belgian rate is for convertible francs. Financial franc 79.10-79.25. Six-month forward dollar 1.94-1.89c pm, 12-month 2.87-2.82c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4015-1.4115	1.4070-1.4080	0.48-0.45c pm	3.96	1.19-1.14pm	3.31
Ireland†	1.1297-1.1365	1.1330-1.1340	0.27-0.17c pm	2.33	0.65-0.50pm	2.03
Canada	1.3525-1.3540	1.3530-1.3540	0.11-0.14c dis	−1.11	0.33-0.36dis	−1.05
Nethlnd.	3.0770-3.0880	3.0825-3.0835	0.55-0.52c pm	2.07	1.69-1.66pm	2.17
Belgium	55.44-55.80	55.50-55.60	8½-10c dis	−1.99	27-32dis	−2.12
Denmark	9.94-10.00½	9.96½-9.97	¼-½ore dis	−0.50	1-1½dis	−0.50
W. Ger.	2.7325-2.7545	2.7420-2.7430	0.83-0.78pf pm	3.51	2.42-2.37pm	3.48
Portugal	164½-166	164½-165½	100-350c dis	−16.31	450-1200dis	−19.94
Spain	161.27-162.30	161.60-161.90	70-115c dis	−6.84	250-450dis	−8.63
Italy	1,839-1,847¼	1,841½-1,842½	6-7½ lire dis	−4.38	23-25½dis	−5.26
Norway	8.12-8.17½	8.14½-8.15	3-3½ore dis	−4.77	9-9½dis	−4.53
France	8.35½-8.41½	8.37½-8.37¾	1½-2c dis	−2.68	7½-8dis	−3.69
Sweden	8.19-8.23½	8.21¼-8.21¾	5-5½ore dis	−7.85	13½-14½dis	−6.80
Japan	235.15-236.30	235.80-235.90	0.34-0.29y pm	1.83	1.00-0.90pm	1.61
Austria	19.22-19.33½	19.27-19.29	4½-4gro pm	2.64	10½-11pm	2.54
Switz.	2.2360-2.2535	2.2430-2.2440	0.67-0.61c pm	3.41	1.90-1.84pm	3.33

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.20-56.30.

OTHER CURRENCIES

Aug. 22	£	$		£ Note Rates
Argentina Austral	1.1281-1.1284	0.8000-0.8012	Austria	27.00-27.30
Australia Dollar	1.9630-1.9970	1.4160-1.4180	Belgium	78.95-79.75
Brazil Cruzeiro	9,572-9,607	6,800-6,820	Denmark	13.95-14.09
Finland Markka	8.2325-8.2635	5.8570-5.8590	France	11.75-11.88
Greek Drachma	181.81-185.79	129.61-132.33	Germany	3.85-3.89
Hongkong Dollar	10.9660-10.9780	7.8000-7.8020	Italy	2570-2615
Iran Rial	123.57*	89.10*	Japan	315-336
KuwaitDinar(KD)	0.4240-0.4250	0.30160-0.30170	Netherlands	4.33-4.37
LuxembourgFr.	78.10-78.20	55.50-55.60	Norway	11.40-11.51
Malaysia Ringgit	3.4560-3.4619	2.4580-2.4612	Portugal	226-242
NewZealand Dlr.	2.62[illegible]-2.6116	1.8485-1.8535	Spain	220-230
Saudi Arab Riyal	5.1275-5.1375	3.6507-3.6512	Sweden	11.50-11.61
Singapore Dollar	3.1240-3.1300	2.2230-2.2250	Switzerland	3.16-3.19
Sth African Rand	3.4525-3.4980	2.4750-2.4940	United States	1.38½-1.41½
U.A.E. Dirham	5.1590-5.1690	3.6720-3.6730	Yugoslavia	375-455

* Selling rate.

CURRENCY MOVEMENTS

Aug. 22	Bank of England Index	Morgan Guaranty Change %
Sterling	82.4	−8.3
U.S. dollar	135.3	+22.7
Canadian dollar	86.1	−7.3
Austrian schilling	117.5	+5.0
Belgian franc	91.5	−12.2
Danish Kroner	80.1	−4.7
Deutsche mark	127.4	+2.2
Swiss franc	159.8	+13.0
Guilder	117.2	+4.8
French franc	68.0	−13.6
Lira	44.9	−19.7
Yen	157.2	+13.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.740386	0.575959
U.S. $	7½	1.05876	0.809236
Canadian $	9.30	*	1.09571
Austria Sch.	4	20.0740	15.6344
Belgian Fr.	12	57.9316	45.0825
Danish Kr.	7	10.3884	8.08629
D mark	4	2.85784	2.22419
Guilder	5	3.21860	2.50499
French Fr.	9½	8.73182	6.79597
Lira	15½	1918.69	1493.04
Yen	5	248.303	191.142
Norway Kr.	8	8.48667	6.60865
Span'h Pta.	—	168.487	131.258
Swedish K.	10½	8.56065	6.65637
Swiss Fr.	4	2.33773	1.81431
Greek Dr'ch	20½	136.083	105.662
Irish Punt	13½	N/A	0.713612

*C$/SDR rate for August 21: 1.40098.

EXCHANGE CROSS RATES

Aug. 21	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.408	3.863	331.6	11.79	3.158	4.345	2590.	1.907	78.19
U.S. Dollar	0.710	1.	2.743	235.9	8.375	2.244	3.083	1840	1.355	55.55
Deutschemark	0.259	0.364	1.	85.89	3.052	0.817	1.125	670.6	0.494	20.23
Japanese Yen 1,000	3.014	4.243	11.64	1000.	35.54	9.518	13.12	7807.	5.747	235.5
French Franc 10	0.848	1.194	3.276	281.4	10.	2.678	3.686	2197.	1.617	66.26
Swiss Franc	0.317	0.446	1.223	105.1	3.734	1.	1.376	820.3	0.604	24.75
Dutch Guilder	0.230	0.324	0.889	76.35	2.713	0.727	1.	596.1	0.439	17.99
Italian Lira 1,000	0.386	0.543	1.491	128.1	4.552	1.219	1.678	1000.	0.736	30.17
Canadian Dollar	0.525	0.738	2.026	174.0	6.184	1.656	2.279	1359.	1.	40.99
Belgian Franc 100	1.280	1.801	4.942	424.5	15.09	4.040	5.559	3314.	2.440	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lire	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12¼-12⅜	7⅛-7⅜	8⅝-8⅞	5 11/16-5 13/16	1¼-1½	4⅜-4⅞	9½-9¾	9-14	8¼-9	8⅝-8⅞	6⅛-6¼	8½-9
7 days' notice	12⅛-12⅜	7¾-7⅞	8⅝-8⅞	5 9/16-5 11/16	12⅝-10⅝	4⅜-4⅛	9⅝-9⅞	7¾-10⅛	8¾-9¾	8⅞-9⅛	6¼-6⅛	8½-9
Month	11 11/16-11 13/16	7 11/16-7 13/16	8 11/16-9	5 11/16-5 13/16	4 7/16-4 9/16	4⅜-4½	10¼-10½	11½-12⅝	9½ 12	9⅛ 9⅞	6 3/16-6⅜	8½-9
Three months	11 9/16-11 11/16	7 13/16-8 1/16	8⅞-9 1/16	5 11/16-5 13/16	4⅜-4⅝	4⅜-4½	11⅜-11⅝	12⅞-13⅝	9⅞-10¼	9½-9⅞	6 3/16-6⅜	8⅝-9¼
Six months	11 9/16-11 11/16	8 1/16-8 3/16	9 1/16-9⅜	5 11/16-5 13/16	4 7/16-4 11/16	4 7/16-4 11/16	11⅞-12½	13¼-13¾	9⅞-10¼	9⅝-9⅞	6¼-6 7/16	8⅝-9½
One year	10⅞-11	8 3/16-8 5/16	9 3/16-9⅝	5 11/16-5 13/16	4¼-4⅞	4⅝-4¾	11⅞-12½	13¾-14⅜	9⅞-12¼	9¾-12	6¼-6 7/16	9½-9⅝

Asian $ (closing rates in Singapore): Short-term 7⅜-7½ per cent; seven days 7⅜-7⅞ per cent; one month 7 11/16-7 15/16 per cent; three months 7⅞-8 per cent; six months 8 3/16-8 5/16 per cent; one year 8 7/16-8 9/16 per cent. Long-term Eurodollars: two years 9⅝-9¾ per cent; three years 10-10⅛ per cent; four years 10⅜-10½ per cent; five years 10½-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Euros and bonds firm

Profit taking pushed dollar denominated contracts off the day's highs towards the close of trading on the London International Financial Futures Exchange yesterday. The Eurodollar contract was also held back by the high level of Federal funds in New York. U.S. Treasury bond and Eurodollar futures opened firmer, after moving up overnight in Chicago and later in Singapore. Sentiment was bullish ahead of the U.S. figures for July on consumer prices and durable goods orders. The rise of 0.2 per cent in consumer prices was in line with expectations and indicated that inflation remains under control, but the fall of 2.8 per cent in durable goods orders was larger than most forecasts and produced a wave of buying. Eurodollar futures had fallen back slightly before the Chicago opening on profit taking, but the December contract soon surged to a peak of 91.80, before closing at 91.76, compared with 91.71 previously.

Treasury bonds showed a similar performance, touching a high of 78-09 for September delivery after the figures, and finishing at 78-00, against 77-08 on Wednesday.

The short sterling contract was quiet, reflecting lack of movement in the cash market, but gilt futures were firmer.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	92.04	92.07	92.02	92.01
Dec	91.76	91.80	91.72	91.71
March	91.35	91.39	91.34	91.32
June	90.98	91.00	90.98	90.94
Sept	90.62	—	—	90.58

Estimated volume 4,311 (5,974)
Previous day's open int 19,703 (20,128)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.80	88.84	88.77	88.78
Dec	89.72	89.73	89.68	89.64
March	89.98	89.99	89.95	89.91
June	89.92	89.92	89.92	89.85
Sept	89.81	—	—	89.80

Estimated volume 1,239 (991)
Previous day's open int 7,352 (7,320)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	112-18	112-20	112-01	111-27
Dec	112-27	112-12	112-11	112-09
March	113-11	—	—	112-19

Estimated volume 2,157 (1,088)
Previous day's open int 3,253 (3,605)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −18 to −5 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.4080	1.4085	1.4005	1.3855
Dec	1.3965	1.3950	1.3900	1.3745
March	1.3895	—	—	1.3680

Estimated volume 241 (64)
Previous day's open int 3,278 (3,239)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3657	0.3657	0.3640	0.3605
Dec	0.3691	0.3688	0.3674	0.3638

Estimated volume 145 (35)
Previous day's open int 239 (226)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4465	0.4460	0.4448	0.4400
Dec	0.4507	0.4499	0.4497	0.4440

Estimated volume 59 (62)
Previous day's open int 206 (216)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4245	0.4240	0.4237	0.4220
Dec	0.4265	0.4265	0.4257	0.4240
March	0.4288	—	—	0.4263

Estimated volume 27 (50)
Previous day's open int 170 (170)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	130.80	131.20	130.70	131.35
Dec	131.70	131.70	131.50	131.85

Estimated volume 103 (126)
Previous day's open int 1,553 (1,543)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	78-00	78-09	77-22	77-08
Dec	76-31	77-04	76-20	76-08
March	76-00	—	—	75-08

Estimated volume 4,603 (2,517)
Previous day's open int 2,777 (2,802)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	78-05	78-12	77-28	77-23
Dec	77-09	77-07	76-24	76-20
March	76-02	76-05	75-23	75-16
June	75-04	75-05	74-26	74-20
Sept	74-06	74-08	73-31	73-24
Dec	73-13	73-13	73-10	72-30
March	72-21	72-21	72-21	72-08
June	—	—	—	71-16
Sept	—	—	—	—
Dec	—	—	—	70-09
March	—	—	—	69-25

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	93.09	93.12	93.05	93.07
Dec	92.84	92.86	92.78	92.79
March	92.49	92.50	92.49	92.45
June	92.15	92.17	92.19	92.10
Sept	91.85	91.86	—	91.80
Dec	91.55	91.55	91.55	91.52
March	—	—	—	91.25
June	—	—	—	90.99

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.39	92.41	92.37	92.38
Dec	92.12	92.13	92.10	92.09
March	—	—	—	91.68
June	—	—	—	91.33

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.06	92.08	92.04	92.05
Dec	91.77	91.80	91.75	91.76
March	91.37	91.38	91.35	91.35
June	90.96	90.98	90.95	90.96
Sept	90.62	90.63	90.61	90.61
Dec	—	—	—	90.28
March	—	—	—	89.97
June	—	—	—	89.68

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.4035	1.4070	1.4010	1.4020
Dec	1.3925	1.3975	1.3910	1.3920
March	1.3850	1.3890	1.3830	1.3850
June	—	—	—	1.3850
Sept	—	—	—	1.2806

GNMA (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	77-11	77-13	76-29	76-29
Dec	76-19	76-21	76-05	76-04
March	—	—	—	75-14
June	—	—	—	74-25
Sept	—	—	—	74-07

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 ¢ per £
Dollar fell but trading was cautious due to further data yet to be released.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
228	151	10358	7736

Eurodollar Futures—points of 100%
Moderate volume as Eurodollar rates held steady on easier levels in quiet trading.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
185	78	1521	1391

For full details of settlement prices call:
Louise Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

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MONEY MARKETS

Difficult conditions for the houses

Conditions were confused on the London money market yesterday. Sentiment was encouraged by the stronger pound against the dollar, but market rates were very firm, as the Bank of England continued to resist any pressure for a cut in clearing bank base rates. A very large day-to-day credit shortage kept short-term rates firm, and discount houses were dismayed at paying over 12 per cent throughout the morning for call money, compared with a rate structure on bills well below this level. The houses would have welcomed a repurchase agreement with the authorities on bills, but the Bank of England may have felt that any such offer would be interpreted as a signal for lower interest rates, and preferred to buy as many bills as possible outright and provide very large late assistance. Rates tended to move up in all periods, and three-month interbank closed at 11 9/16-11 11/16 per cent, compared with 11 7/16-11½ per cent. On the other hand discount houses buying rates for three-month bank bills eased to 11 7/16 per cent from 11½ per cent.

The Bank of England forecast a market shortage of £1,200m £11m Treasury bills in band 3 and provided to help of £1,130m.

Before lunch the authorities bought £282m bills outright, by way of £218m bank bills in band 2 (15-33 days maturity) at 11 7/16 per cent; £5m local authority bills in band 3 (34-63 days) at 11⅜ per cent; and £64m bank bills in band 3 at 11⅜ per cent.

In the afternoon the Bank of England purchased another £368m bills, through £300m bank bills in band 2 at 11 7/16 per cent; at 11⅜ per cent; £32m bank bills in band 3 at 11⅜ per cent; and £25m bank bills in band 4 (64-91 days) at 11 5/16 per cent.

Late assistance of £480m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,319m, with a rise in the note circulation absorbing £30m, and bank balances below target another £75m. These outweighed Exchequer transactions adding £225m to liquidity.

In Frankfurt call money rose to 4.65 per cent from 4.55 per cent, in active trading as banks bid for funds to make tax payments for customers. On Wednesday a net DM2.6bn flowed into the money market as the Bundesbank replaced an expiring DM 12bn securities repurchase agreement with a new 35-day pact of DM 14.6bn.

UK clearing banks base lending rate 11½ per cent since July 30.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 22)

3 months U.S. dollars	
bid 7 15/16	offer 8 1/16

6 months U.S. dollars	
bid 8 1/16	offer 8 3/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Aug. 22	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.6-4.7	9⅝	1¼-1½	5 11/16-5 13/16	6.09375	14⅛-14¾	6.50	11¼-11½
One Month	4.50-4.65	9⅝-9¾	4⅜-4⅝	5¾-5 13/16	6.34375	13⅞-14¼	9½-9¾	10⅝-10⅞
Two Months	4.50-4.65	9⅛-9⅜	—	—	—	—	—	10⅛-10⅜
Three Months	4.50-4.65	9¾-9⅞	4⅜-4⅝	5¾-5 13/16	6.34375	14⅛-14¾	9½-9¾	10⅝-10⅞
Six Months	4.55-4.70	9⅞-12	—	5¾-5⅞	—	—	9⅝-9⅞	10¼-10½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅝	—	—	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Aug. 22 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11-12¾	12⅛-12¼	11¾-12¼	11½-12¼	—	—	—	—	—
2 days notice	—	—	11¾-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12-12⅛	11¾-11⅞	12-12¼	11¾	—	—	—	—	—
One month	11⅞-11¾	11¾-11⅞	11¾	11¼-11⅞	11½	11 7/16	11 9/16	11 7/16	11 9/16	12 3/16
Two months	11⅝-11½	11⅝-11¾	11⅝	11 9/16-11 11/16	11¼	11¼	11½	11¼	11 7/16	11⅞
Three months	11⅝-11½	11 9/16-11 11/16	11 7/16	11 7/16-11 11/16	11	11 3/16	10 15/16	11⅛	11	11 11/16
Six months	10⅞-10¾	11 7/16-11¼	11⅜	—	—	—	—	10 15/16	12⅛	11 9/16
Nine months	10¾-10⅝	10 15/16-11⅛	11	—	—	—	—	—	—	—
One year	10 9/16-10⅝	10⅞-11 1/16	10⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-11⅞	—	11¾	7.7-7.8	7⅛-7¼	8¼-8⅛
Two months	12-11¾	—	11⅝	7.7-7.8	7⅜-7⅛	8 3/16-8 1/16
Three months	11 11/16-11 9/16	—	11 7/16	7.75-7.85	7 7/16-7 9/16	8⅜-8⅝
Six months	11⅜-11⅛	—	11 7/16	7.9-8.0	7¾-8	8¾-8⅞
Nine months	11⅛-11½	—	11 1/16	8.1-8.2	—	—
One year	11¼-11	—	11	8.3-8.4	8-8¼	8⅞-9
Two years	—	10⅞	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Finance IV: Average Rate of Interest period July 3 to August 6 (inclusive): 11.989 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 5.25-5.625 per cent (net). Treasury Bills: Average tender rate of discount 10.9688 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 9. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	9¼-9¾
Fed funds	7 13/16
Fed funds at intervention	—

Treasury Bills

One month	6.53
Two month	6.83
Three month	7.21
Six month	7.50
One year	7.67

Treasury Bonds

Two year	8.84
Three year	9.12
Four year	9.36
Five year	9.61
Seven year	9.96
10 year	10.09
30 year	10.37

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 21, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of August 21 at 11.00 a.m.
3 months: 8 1/16 6 months: 8¼

ECU=$US.800395 SDR1=$US1.0345
Sibor as of August 21 at 11.00 a.m.
3 months: 8⅛ 6 months 8¼

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.2688
Algeria	Dinar	4.948
Andorra	Fr. Franc	8.4875
	Sp. Peseta	163.70
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (8)	0.801
Australia	Dollar	1.4164
Austria	Schilling	19.32
Azores	Port. Escudo	166.50
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	163.70
Bangladesh	Taka	28.50
Barbados	Dollar	2.0115
Belgium	Franc (c)	56.51
	Franc (f)	57.025
Belize	Dollar	2.00
Benin	C.F.A. Franc	424.375
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	11.91
Bolivia	Peso (o)	75000.
	Peso (f)	1100000.
Botswana	Pula (6)	1.9512
Brazil	Cruzeiro (o)	6760.00
Brunei	Dollar	2.23
Bulgaria	Lev	1.019
Burkina Faso	C.F.A. Franc	424.375
Burma	Kyat	8.2248
Burundi	Franc	118.508
Cameroun Rp.	C.F.A. Franc	424.375
Canada	Dollar	1.356
Canary Is.	Sp. Peseta	163.70
Cape Verde Is.	Escudo	89.2698
Cayman Is.	Dollar	0.835
Cen. Africa Rep.	C.F.A. Franc	424.375
Chad	C.F.A. Franc	424.375
Chile	Peso (e) (9)	173.43
China	Renminbi Yuan	2.9095
Colombia	Peso (o)	150.15
Comoros	C.F.A. Franc	424.375
Congo Ppls Rep. of	C.F.A. Franc	424.375
Costa Rica	Colon	51.29
Cuba	Peso	0.9511
Cyprus	Pound*	1.7294
Czechoslovakia	Koruna (o)	6.80
Denmark	Krone	10.07
Djibouti Rp. of	Franc	164.168
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
	Peso (d)	2.87
Equador	Sucre (o,c)	67.16
	Sucre (d)	105.00
	Sucre (f)	95.75
Egypt	Pound	0.83
	Pound (c)	1.35
El Salvador	Colon	2.50
	Colon (d)	4.50
Eq'tl Guinea	C.F.A. Franc (4)	424.375
Ethiopia	Birr (o)	2.0727
Faeroe Is.	Dan. Krone	10.07
Falkland Is.	Pound*	1.3895
Fiji	Dollar	1.135
Finland	Markka	5.8585
France	Franc	8.4875
Fr. C'ty in Af	C.F.A. Franc	424.375
Fr. Guiana	Franc	8.4875
Fr. Pac. Is.	C.F.P. Franc	154.319
Gabon	C.F.A. Franc	424.375
Gambia	Dalasi	5.5984
Germany (E)	Ostmark (o)	2.78
Germany (W)	Mark	2.78
Ghana	Cedi (14)	57.00
Gibraltar	Pound*	1.3895
Greece	Drachma	131.55
Greenland	Dan. Krone	10.0875
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.4875
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	3.248
Guinea Bissau	Peso	147.383
Guinea Rep.	Syli	23.8621
Guyana	Dollar	4.15
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Hong Kong	Dollar	7.8059
Hungary	Forint	49.0677
Iceland	Krona	41.03
India	Rupee (10)	11.91
Indonesia	Rupiah	1118.00
Iran	Rial (o)	89.2221
Iraq	Dinar	0.3109
Irish Rep.	Punt*	1.1203
Israel	Shekel (10)	1478.00
Italy	Lira (11)	1862.12
Ivory Coast	C.F.A. Franc	424.375
Jamaica	Dollar (o) (5)	5.75
Japan	Yen	237.45
Jordan	Dinar	0.3748
Kampuchea	Riel	n.a.
Kenya	Shilling	16.6104
Kiribati	Aust. Dollar	1.4164
Korea (Nth)	Won	0.94
Korea* (Sth)	Won	883.40
Kuwait	Dinar	0.3025
Lao P'ple D. Rep	Kip	35.00
Lebanon	Pound	18.00
Lesotho	Maloti	2.4753
Liberia	Dollar	1.00
Libya	Dinar	0.2951
Liechtenstein	Sw. Franc	2.2755
Luxembourg	Lux. Franc	56.31
Macao	Pataca	8.1138
Madagascar D.R.	Franc	663.291
Madeira	Port. Escudo	166.50
Malawi	Kwacha	1.7147
Malaysia	Ringgit	2.463
Maldive Is.	Rufiya	7.00
Mali Rp.	C.F.A. Franc	424.375
Malta	Lira*	2.2227
Martinique	Franc	8.4875
Mauritania	Ouguiya	n.a.
Mauritius	Rupee	14.98
Mexico	Peso (d) (12)	332.50
	Peso (e) (13)	287.80
Miquelon	Fr. Franc	8.4875
Monaco	Fr. Franc	8.4875
Mongolia	Tugrik (o)	3.3556
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	10.06
Mozambique	Metica	42.411
Namibia	S. A. Rand	2.4753
Nauru Is.	Aust. Dollar	1.4164
Nepal	Rupee	18.30
Netherlands	Guilder	3.082
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	1.8546
Nicaragua	Cordoba	10.02
	Cordoba (d)	525.00
Niger Rp	C.F.A. Franc	424.375
Nigeria	Naira	0.895
Norway	Krone	8.2165
Oman Sultanate of	Rial	0.3456
Pakistan	Rupee	15.9078
Panama	Balboa	1.00
Papua N.G.	Kina	0.977
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	783.00
Peru	Sol (o) (2)	13942
Philippines	Peso	18.605
Pitcairn Is.	N.Z. Dollar	1.8546
Poland	Zloty (o) (3)	153.72
Portugal	Escudo	166.50
Puerto Rico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	8.4875
Romania	Leu (o)	4.35
	Leu (c)	12.42
Rwanda	Franc	99.2849
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.3895
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	8.4875
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.1954
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1862.12
Sao Tome & Principe DR	Dobra	43.7411
Saudi Arabia	Riyal (7)	3.65
Senegal	C.F.A. Franc	424.375
Seychelles	Rupee	6.9935
Sierra Leone	Leone	5.00
Singapore	Dollar	2.23
Solomon Is.	Dollar	1.5366
Somali Rep.	Shilling	36.60
South Africa	Rand	2.4753
Spain	Peseta	163.70
Span Ports in N. Africa	Sp. Peseta	163.70
Sri Lanka	Rupee	27.37
Sudan Rep.	Pound	2.50
Surinam	Guilder	1.785
Swaziland	Lilangeni	2.4753
Sweden	Krona	8.2929
Switzerland	Franc	2.2785
Syria	Pound (o)	3.925
Taiwan	Dollar (o)	40.45
Tanzania	Shilling	16.90
Thailand	Baht	26.805
Togo Rep	C.F.A. Franc	424.375
Tonga Is.	Pa'anga	1.4164
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7995
Turkey	Lira	535.79
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.4164
Uganda	Shilling	595.20
United Arab Emir.	Dirham	3.673
United Kingdom	Pound Sterling*	1.3895
Uruguay	Peso (m)	102.63
USSR	Rouble	0.813
Vanuatu	Vatu	106.332
Vatican	Lira	1862.12
Venezuela	Bolivar (g)	7.50
	Bolivar (g) (1)	4.30
	Bolivar (o)	14.30
	Bolivar (d)	14.40
Vietnam	Dong	26.6555
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	7.59
Yemen PDR	Dinar	0.345
Yugoslavia	Dinar	276.73
Zaire Republic	Zaire	50.46
Zambia	Kwacha	2.3173
Zimbabwe	Dollar	1.6529

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (e) Official rate. (b) Freemarket Interbank. (c) Commercial rate. (d) Freemarket. (o) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (l) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Peru. August 2: Official rate devaluation of approx. 12 per cent. (3) Poland. June 1: Official devaluation of 13.2 per cent. (4) Equatorial Guinea: December 31. Currency joins Franc zone. (5) Jamaica: November 8. Rate adjustment fixed by Central Bank bi-weekly auction. (6) Botswana. August 4: Pula revalued by 3 per cent against a basket of currencies. (7) Saudi Arabia: June 10. Official devaluation of 1.1 per cent. (8) Argentina: June 15. New currency introduced: 1 Austral equals 1,000 Pesos. (9) Chile: June 29. Official devaluation of 7.8 per cent. (10) Israel: July 1. Official devaluation of 18.8 per cent. (11) Italy: July 21. Official devaluation of 8 per cent within the EMS. (12) Mexico: July 11. New free rate introduced to replace old free rate. (13) Mexico, July 24: Controlled peso rate devalued by 18.7 per cent. (14) Ghana, August 12: Cedi devalued by approximately 7 per cent. For further information please contact your local branch of the Bank of America.

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101 11/16	99 3/8	Exch. 12¼pc 1985	100¼	.....	[illegible]	11.18
101 5/16	99 3/16	Exch. 11¼pc '86	100⅛xd	+ 1/16	[illegible]	10.63
99½	97 1/16	Treas. 10pcCnv 1986	99½	.....	[illegible]	10.75
95⅝	92¼	Treas 3pc 1986	95 5/16	+ 1/16	[illegible]	9.32
100	97½	Exch. 10½pc Cv '86	99 11/16	.....	[illegible]	10.67
101⅞	99¼	Treas 12pc 1986	100 13/16	− 1/16	[illegible]	10.66
98 3/16	94¼	Treas 8¾pc 1984-86‡‡	98 3/16	.....	[illegible]	10.35
105 3/16	102 7/8	Exch. 14pc 1986	105⅝	+ 1/16	[illegible]	10.57
94	87¾	Exch. 2½pc 1986	94	+ 1/16	[illegible]	7.61
104 3/16	101¾	Exch. 13¾pc 1987	105 1/16	.....	12.8[illegible]	10.50
99 13/16	96¼	Treas 10¼pcCv '87	99 13/16	+ 1/16	[illegible]	10.34
92 11/16	85½	Exch 2½pc 1987	92 11/16xd	+ 1/16	2.7[illegible]	7.75
99⅝	96¼	Exch. 10½pc 1987	99⅝	+ 1/16	10.5[illegible]	10.55
94 3/16	89	Funding 6½pc '85-87‡‡	94 3/16	.....	6.[illegible]	10.22
99 1/16	95½	Treas. 10pc 1987	99 1/16	+ 1/16	[illegible]	10.54
90⅛	84¼	Treas 3pc 1987	90 7/16	− 1/16	3.32	8.57
102 11/16	99⅛	Treas. 12pc 1987	102½	+ 1/16	11.71	10.63
94⅞	90¼	Treas 7¾pc 1985-88‡‡	94⅞	+ 1/16	8.37	10.16
99 13/16	95⅝	Exch 10½pc '88	99 13/16	+ 1/16	10.52	10.55
97 13/16	93¾	Treas 9¾pc Cv '88	97 13/16	+ 1/16	9.96	10.59

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

For Anglo Utd Dev see Recent Equities

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
350	117	♥Centennial Min'ls.	160	.....	—	—	—
120	65	♥Colby Res Corp.	70	.....	—	—	—
550	287	Cons. Murch 10c	330	.....	†Q100c	1.4	9.0
40	29	‡Ennex Int. Ir10p	26	+1	—	—	—
215	115	Hampton Areas 10p	150	−2	3.75	0.9	3.4
260	135	♥Highwood Res.	170	.....	—	—	—
£22½	£17½	Homestake Mining $1	£20	+⅛	Q20c	—	7.2
330	190	♥McFinley Red Lake	220	−5	—	—	—
335	195	♥Musto Explorations	303	−17	—	—	—
55	23	♥New Sabina Res C$1	45	−2	—	—	—
375	205	Northgate C$1	290	−10	—	—	—
685	533	RTZ	580	−5	20.0	2.7	4.9
£145½	£116½	Do. 9½pc Ln '95-2000	£128	−½	Q9½%	14.0	0.1
£14⅛	£10	♥Tara Expln $1	£10⅝	.....	—	—	—

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ● Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ∮ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◊ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ◊◊ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference Dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	96	..	Arnott	188	....
Craig & Rose £1	700	....	CPI Hldgs	62	+1
Finlay Pkg. 5p	40	....	Carroll Inds.	142	−3
Higsons Brew	295	.....	Dublin Gas	67	....
Holt (Jos) 25p	730	.	Hall (R. & H.)	58	...
IoM Stm. £1	87	..	Heiton Hldgs.	19	..
IRISH			Irish Ropes	46	....
Fund 11¾% 1988	£101¼	..	Jacob (W.& R.)	82	..
Nat. 9¾% 84/89	£97½		Unidare	95xd	..
Fin. 13% 97-02	£110½	+⅛			

"Recent Issues" and "Rights" Page 24
(International Edition Page 28)

For London market and latest share index 01-246 8026; overseas markets, 01-246 8086

LONDON STOCK EXCHANGE

MARKET REPORT

Equity market falters after recent advance

Firm sterling boosts Gilt-edged

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 8.30 am two business days earlier.

The two-day improvement in London equity markets faltered yesterday following the overnight revelation that **Hanson Trust** had launched its biggest ever takeover bid—a $745m offer for the U.S. diversified group SCM Corporation. This removed one of the props that has underpinned equity sectors throughout the summer; Hanson made a £519m rights issue in mid-June and many leading industrials issues have performed strongly on the view that Hanson was looking for UK expansion. Among this group Reed International, Bowater, Thorn EMI and Distillers all lost ground in early trading.

However, once the initial bout of selling of the Hanson bid favourites had subsided, sentiment improved amid talk that a brace of institutions were buyers of a number of leading industrials. The market's resilient performance was again a reflection of the current shortage of stock in many blue chip issues. In the background, the continued firmness of Wall Street and persistent talk of possible domestic bank-base rate cuts within the next few weeks were positive factors that offset the damaging effects on international stocks of a firm sterling/dollar exchange rate.

Gilt-edged made good progress for the second consecutive session with conventional issues improving steadily as the pound moved up against the U.S. currency in the wake of the disappointing 2.8 per cent fall in U.S. durable goods orders during July, after a 3.6 per cent rise in June.

Longer-dated maturities settled with gains in the region of ⅜ but rises in index-linked were restricted to around ⅛.

Narrow movements in blue chips were well illustrated by the performance of the FT Ordinary share index which held close to its overnight level prior to settling a net 1.0 lower at 987.2. The FT-SE index, which includes many overseas earners among its constituents, fell to the day's low point within half an hour of the market's opening before finishing the day 4.2 off at 1,309.7.

GRE react

A profits downgrading by brokers de Zoete and Bevan depressed **Guardian Royal Exchange** and also put other Composite Insurances under pressure. Quotations attempted to rally once initial selling subsided, but this failed to hold and closing prices were generally the day's lowest. **GRE** settled a net 19 down at 748p, while **Royals** finished 13 lower at 663p. General Accident shed 7 to 623p and Sun Alliance lost 9 to 511p. Life Insurances gave modest ground in the wake of Pearl's disappointing interim results, but Lloyds brokers continued to trade firmly. **Stewart Wrightson** rose 10 to 630p and **Sedgwick** added 3 to 393p, while **Steel Burrill Jones**, interim figures due shortly, rose 20 to 404p. In contrast, profit-taking in the wake of the interim results left **Dewey Warren** 17 down at 228p.

Leading Breweries gave modest ground in lacklustre trading. **Allied-Lyons** proved a noteworthy exception, however, and attained a 1985 high of 236p before settling only 2 dearer on balance at 231p following news that a third party, as yet unnamed, is set to enter the battle for control of Allied's Australian associate Castlemaine Tooheys. The latter is currently in receipt of a hostile £500m offer from Swan lager group Bond Corporation. Recently buoyant Regionals paused for breath, although USM-quoted **G. Ruddle** spurted 13 to 145p in response to a press mention. Elsewhere, **Distillers** remained lively despite fading hopes of a bid from Hanson Trust and finished only 2 cheaper at 305p, after 303p.

ICI drifted off on currency influences to close a net 7 down at 652p. Among other Chemicals, **Laporte** firmed 2 to 325p, while **W. Canning** still reflecting the U.S. expansion moves, hardened a penny more to 98p.

Amstrad up again

Static throughout the session, leading Electricals succumbed to scattered offerings after-hours. **BICC**, due to announce interim results early in September, eased 3 to 205p, while similar losses were noted for **British Telecom**, 195p, **GEC**, 188p, and **Plessey**, 150p. Computer-orientated concerns continued to present a mixed appearance. **Amstrad**, buoyant of late following the launch of its PCW8256 model, advanced another 6 to 98p, but **Acorn** encountered sporadic selling and dipped 2½ to 9½p. **Sherwood**, 175p, and **DBE**, 43p, rose 8 and 3 respectively, but news of the first-half deficit left **Plasmec** 5 lower at 47p, after 45p. **Unitech**, firm earlier in the week following Press-inspired speculation of a bid from Bunzl, slumped 24 to 233p. **Sound Diffusion**, on the other hand, attracted renewed buying and put on 4 for a two-day advance of 12 at 56p. **Emess Lighting**, scheduled to reveal interim figures next Wednesday, rose 5 to 240p.

Government compensation hopes continued to encourage **Vosper** which advanced to 225p before easing late to close a net 12 higher at 222p, a two-day gain of 37. Elsewhere in Engineerings, **Simon** were heavily bought from the outset on talk of a broker's favourable circular and touched 242p prior to ending the day at 236p, a net gain of 8. **Adwest** settled 4 firmer at 176p, after 185p, while **Yarrow** put on 10 to 480p, after 510p. **Telfos** hardened 2 more to 78p on further consideration of the good results while **Press Tools** jumped 6 to 58p reflecting better-than-expected preliminary figures.

Leading Foods were highlighted by **Tate and Lyle** which rose 15 to 460p following a broker's upgraded profits estimate. Elsewhere, **Kwik Save** attracted fresh support on speculation of a bid from **Argyll Group** and firmed 6 to 232p; Argyll shed that much, to 322p. Bid chatter also accompanied demand for **Pyke Holdings**, up 13 at 318p. **Needlers** fell 5 to 110p on disappointment with the interim results, but USM-quoted **Sims Catering** gained 6 to 158p following acquisition news. **Hillsdown** were a firm market at 171p, up 3, as were **Fitch Lovell**, which rose 4 to 224p. **S. & W. Berisford** came to life in after hours dealings, rising 11 to 172p on speculation that it had sold its stake in **Ranks Hovis McDougall**, 3 up at 150p.

Hanson Trust active

Hanson Trust traded actively following details of the group's £535m cash tender offer for SCM Corporation of the U.S. and touched 214p prior to closing 3 dearer on balance at 212p, however, some of the potential Hanson takeover targets in the Miscellaneous industrial sector were upset by the news and came under selling pressure at the outset. This was quickly absorbed in many cases, but **Bowater**, in which Hanson holds a 7 per cent stake lost 8 to 310p. **Reed International**, after reacting to 684p, picked up to 702p prior to closing a net 6 off at 696p. Elsewhere, **Beecham**, 341p and **Fisons**, 363, both shed 7 on currency influences, but **BOC** added a couple of pence to 291p. **British Aerospace** slipped 2 to 373p and the new shares closed 4 down at 198p. Among the second-liners, **Kean and Scott** rose 5 to 38p following the agreed bid worth 39½p per share for the outstanding 17.52 per cent of the equity from **Hawley Group**, a penny better at 81p, after 78p. Speculative counter **Parkfield** touched 143p prior to closing a penny better at 137p, but **Apricot Computers** fell 12 to 133p on lack of support.

As expected, **Horizon Travel** revealed poor interim results and the price, having already fallen from 125p to 111p this week, shed 3 more to 108p. **Intersun**, a firm market on Wednesday, gave up 3 to 135p on profit-taking.

Motor Components held close to overnight levels. **Kwik-Fit**, firm recently amid hopes of a bid from Ward White, dipped to 49p before finishing only 2 cheaper on balance at 51p. In contrast, support was forthcoming for USM-quoted remould tyre and battery concern **BTS** 7 up at 78p. Distributors failed to maintain best levels. Current speculative high-flier **Caffyns** touched a new high of 178p before settling a net 2 dearer at 176p, while **Lex Service** rose 7 to 212p, after 214p.

Fleet Holdings hardened the turn to 342p, after a new peak of 345p, awaiting bid developments in the light of the Monopolies Commission clearance of the approach from United Newspapers. The latter were unchanged at 300p. Advertising agencies and related concerns went better where altered. Revived takeover hopes stimulated support of **Good Relations**, 17 higher at 225p, while **Lowe Howard-Spink** firmed 8 to 258p. **Richard Clay** hardened a few pence to 148p ahead of the unwelcome offer from McCorquodale, 2 off at 142p.

In Properties, **Rush and Tompkins**, up 6 on Wednesday on news that Border and Southern Stockholders Trust had increased its holding to 10.94 per cent, gained 6 more to 246p, after 248p. Estate agents **Bairstow Eves** firmed 2 to a 1985 peak of 98p on vague takeover hopes and USM-quoted **Trencherwood** moved up 6 to 204p.

A number of features emerged in Textiles. Bid prospects continued to buoy **Allied Textiles**, another 40 to the good at 455p, while speculative activity was also evident in **Don Brothers Buist**, 212p, and **Yorklyde**, 175p, up 14 and 10 respectively.

Oils easier

Leading oils edged higher at the outset, responding to the overnight improvement on Wall Street, but subsequently eased back reflecting the rise in sterling against the dollar to close little changed on balance. Falls of a few pence were common to **BP**, 545p, **Britoil**, 206p, **LASMO**, 275p and **Shell**, 683p while **Tricentrol** lost 6 to 185p.

Among the secondary oils, **Invent Energy** touched £12⅞ prior to closing ½ up at £11½; preliminary results are expected in mid-September. Dealings resumed at 9.30 in **Hadson Petroleum** which, having opened at 40p, slipped to 38p before closing at 42p.

Golds weak

Rumoured and actual events prompted another erratic performance from South African mining markets. Reports that the imminent strike by black mineworkers in South African coal and gold fields had been postponed until Wednesday, pending further talks with the Chamber of Mines, failed to prevent an early decline in Gold shares which fell sharply following another steep fall in the Rand against the dollar. The weak Rand choked off support from South African institutions for Golds.

However, the latter sector picked up during the late afternoon as the South African currency rallied amid rumours that the South African Reserve Bank was about to announce the imposition of a fixed rate for the Rand against the dollar as well as a change in the Reserve Bank's payments to gold mines for their gold production.

The consequent rally in Golds took many of the leading issues well above the day's lowest levels but closing quotations still showed hefty losses on overnight levels. The Gold Mines index, which had made steady progress over the previous three sessions, dipped back 12.7 to 310.1.

Randfontein registered the severest fall in the leaders, closing £2¾ off at £56¾, while losses of around a point were common to **Vaal Reefs**, £53¼, **Western Deep**, £24¼ and **Western Holdings**, £17.

South African Financials were similarly affected. **De Beers** a weak market since the announcement of disappointing interim results earlier in the week, gave up 5 more to 332p. London-domiciled Financials attracted modest profit-taking with **RTZ** and **Consolidated Gold Fields** down around 5 apiece at 580p and 435p apiece.

FINANCIAL TIMES STOCK INDICES

	Aug. 22	Aug. 21	Aug. 20	Aug. 19	Aug. 16	Aug. 15	year ago
Government Secs	83.68	83.46	83.35	83.60	83.70	83.70	79.89
Fixed Interest	88.73	88.67	80.64	88.69	88.66	88.64	83.29
Ordinary ♥	987.2	988.2	982.2	975.1	974.7	976.7	835.2
Gold Mines	310.1	322.8	322.3	317.4	309.3	330.3	578.4
Ord. Div. Yield	4.78	4.77	4.80	4.84	4.83	4.82	4.91
Earnings, Yld. %(full)	11.77	11.75	11.81	11.93	11.89	11.88	11.63
P/E Ratio (net) (*)	10.48	10.50	10.44	10.34	10.38	10.40	10.40
Total bargains (Est.)	21,171	21,989	21,038	20,494	22,141	20,811	17,984
Equity turnover £m.	—	385.74	399.32	269.37	342.1	396.19	225.86
Equity bargains	—	22,583	22,517	17,221	19,051	12,056	14,242
Shares traded (ml)	—	194.6	180.7	147.6	164.0	204.5	112.2

♥ 10 am 988.7. 11 am 988.9. Noon 988.0. 1 pm 988.1.
2 pm 988.6. 3 pm 988.3 4 pm 988.3.
Day's High 989.2. Day's Low 986.6.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35.
Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil=10.09.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.74 (30/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.0 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.2 (15/4)	298.1 (8/8)	734.7 (15/2/83)	43.5 (26/10/71)

	Aug. 21	Aug. 20
Daily		
Gilt Edged Bargains	119.9	127.2
Equities Bargains	146.3	145.2
Value	779.7	807.1
5 day Average		
Gilt Edged Bargains	127.5	134.5
Equities Bargains	131.1	125.0
Value	724.7	723.0

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (93)

BRITISH FUNDS (31)
INTL. BANK & O'SEAS & GOVT. STERLING ISSUES (1)
New Zealand 11¼pc 2008
BREWERS (2)
Allied-Lyons Scottish & Newcastle
BUILDINGS (8)
Barratt Developments Countryside Props.
Breedon Lime Works Higgs & Hill
Brickhouse Dudley Wilson (Connolly)
CHEMICALS (1)
Delmar
STORES (1)
Brown (N.)
ELECTRICALS (2)
Amstrad Jones, Stroud
ENGINEERING (4)
Adwest Telfos
Porter Chadburn Triplex
FOODS (7)
Cullen's Kwik Save
Dee Corpn. Matthews (B.)
Fitch Lovell Unigate
Iceland Frozen
HOTELS (1)
Garfunkels R'starants
INDUSTRIALS (18)
BSA Parkfield
Bestwood Renwick
Booker McConnell Rock
Dwek Scottish Heritable Tst.
Euro Ferries SpcNdPf Spring Ram
Ferguson Industri. Utd. Packaging
Havelock Europa Walker & Homer
Hunter Williams Hldgs.
MCD Do. SpcCmCavPrf.
INSURANCE (1)
FAI Insurances
MOTORS (2)
Brown (C.) Car Caffyns
NEWSPAPERS (1)
Fleet Holdings
PAPER (2)
Aspen Comms. ORG
PROPERTY (3)
Bairstow Eves Slough Estates 12¼pc
CALA Ln 2009
Parkdale Trencherwood
TEXTILES (2)
Don Bros. Buist Yorklyde
TRUSTS (2)
Channel Islands Cap. SPRAIT
OILS (1)
Saxon
OVERSEAS TRADERS (1)
Great Northern
MINES (2)
Endeavour Oakbridge

NEW LOWS (35)

AMERICANS (2)
BankAmerica Chemical New York
CANADIANS (3)
BCE Can. Pacific Ents.
Canadian Pacific
CHEMICALS (1)
Novo Inds. B
ELECTRICALS (3)
Meemos Plasmec
Murray Electronics
FOODS (3)
BSN Hunter Saphir
Glass Glover
HOTELS (1)
Breakmate
INDUSTRIALS (4)
Aaronite Nolton
Mitchell Cotts Restmor
INSURANCE (1)
Travelers
MOTORS (1)
Plaxtons (G.B.)
PAPER (1)
Moorgate Group
SOUTH AFRICANS (4)
Gold Fields Prop. SA Breweries
SASOL Tiger Oats
TRUSTS (2)
FUGIT Yeverton Invs.
MINES (9)
Grootvlei Transvaal Cons.
Elsburg CRA
Stilfontein Metals Exploration
Western Areas MIM Holdings
Zandpan

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs Aug 22 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed Aug 21 Index No.	Tue Aug 20 Index No.	Mon Aug 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	535.18	−0.2	10.56	4.14	11.93	10.52	536.32	532.83	526.88	499.85
2	Building Materials (22)	558.93	−0.1	11.80	4.74	10.50	11.92	559.30	558.66	554.47	456.87
3	Contracting, Construction (29)	837.07	+0.4	11.91	4.94	10.83	17.54	834.07	832.20	832.79	679.99
4	Electricals (14)	1410.95	−0.3	11.34	5.24	11.19	33.14	1414.50	1399.20	1395.78	1582.62
5	Electronics (38)	1446.05	−1.0	10.52	3.12	12.53	27.30	1460.30	1454.13	1439.07	1775.66
6	Mechanical Engineering (62)	296.20	−0.1	10.98	4.72	11.12	6.15	296.39	292.93	289.05	247.32
8	Metals and Metal Forming (7)	208.97	+0.4	11.99	7.52	10.49	4.13	208.22	205.28	201.15	185.85
9	Motors (16)	167.85	+0.7	13.17	5.84	9.30	3.55	166.66	165.73	164.07	119.12
10	Other Industrial Materials (18)	955.08	+0.2	7.31	3.51	16.56	15.81	953.20	943.15	924.40	674.64
21	CONSUMER GROUP (176)	678.93	−0.1	9.43	3.85	13.22	12.36	679.76	677.15	671.93	511.75
22	Brewers and Distillers (24)	659.11	−0.2	10.73	4.42	11.78	13.81	660.38	660.14	652.07	589.25
25	Food Manufacturing (21)	498.07	+0.7	11.91	4.89	10.79	13.09	494.38	489.04	487.16	391.49
26	Food Retailing (14)	1641.28	+0.4	5.59	2.54	23.77	16.93	1633.99	1615.61	1609.19	1192.99
27	Health and Household Products (9)	1065.83	−1.0	6.36	2.79	18.49	11.95	1076.81	1068.16	1054.93	875.85
29	Leisure (22)	667.32	+0.1	8.48	4.92	15.43	20.79	666.48	660.60	658.15	572.14
32	Newspapers, Publishing (12)	1851.73	+0.3	8.33	4.19	15.46	37.91	1846.39	1834.42	1831.19	1282.93
33	Packaging and Paper (14)	359.59	−0.3	9.85	4.11	12.04	6.20	360.66	364.90	364.18	243.55
34	Stores (41)	679.59	−0.2	7.36	3.13	18.51	9.53	680.86	681.61	676.62	433.85
35	Textiles (16)	328.91	+0.4	13.29	4.99	8.53	7.97	327.72	325.58	322.62	266.36
36	Tobaccos (3)	786.72	−0.6	18.78	5.47	6.03	18.71	791.84	794.14	786.80	682.88
41	OTHER GROUPS (101)	687.19	−0.1	9.23	4.12	14.02	14.13	687.83	685.53	682.50	456.86
42	Chemicals (19)	671.83	−0.5	14.62	5.64	9.04	24.95	674.88	669.69	662.35	605.44
44	Office Equipment (4)	207.04	—	7.72	4.25	15.46	3.64	207.01	203.94	203.73	137.98
45	Shipping and Transport (12)	1172.68	−0.1	8.16	4.45	15.21	25.71	1173.89	1177.03	1168.89	858.57
46	Miscellaneous (64)	851.69	+0.5	7.38	3.73	16.55	14.06	846.99	842.07	838.23	635.43
48	Telephone Networks (2)	889.03	−0.4	8.36	3.65	15.95	14.38	892.31	892.31	891.10	0.0
49	INDUSTRIAL GROUP (483)	651.03	−0.1	9.66	4.00	13.07	12.50	651.92	649.07	644.09	505.19
51	Oils (17)	1148.31	−0.5	16.34	7.32	7.52	39.47	1153.82	1136.67	1126.77	1076.37
59	500 SHARE INDEX (500)	692.91	−0.2	10.52	4.43	11.93	14.68	694.16	690.18	684.79	553.06
61	FINANCIAL GROUP (115)	488.83	−0.3	—	4.91	—	12.39	490.51	490.28	485.19	384.43
62	Banks (6)	490.88	—	18.26	6.09	7.83	19.80	490.59	489.27	480.78	361.26
65	Insurance (Life) (9)	764.46	−0.4	—	4.27	—	14.71	767.39	769.37	768.70	534.16
66	Insurance (Composite) (7)	373.63	−1.6	—	5.25	—	8.53	379.81	379.77	375.28	280.67
67	Insurance (Brokers) (7)	1141.38	+0.5	8.37	3.63	15.99	21.02	1136.12	1127.89	1107.76	848.35
68	Merchant Banks (11)	232.67	−0.5	—	4.79	—	4.92	233.79	232.14	231.08	202.12
69	Property (50)	658.71	−0.1	5.65	3.62	23.75	9.88	659.24	661.23	659.11	587.79
70	Other Financial (25)	279.85	—	10.10	5.90	12.08	8.14	279.92	279.75	274.70	245.32
71	Investment Trusts (106)	587.36	+0.1	—	3.65	—	10.05	586.83	585.46	584.58	509.95
81	Mining Finance (3)	260.73	−0.9	12.45	5.88	9.32	5.36	263.04	258.67	249.68	272.21
91	Overseas Traders (14)	600.05	+0.2	12.53	6.63	9.57	23.86	598.79	599.42	595.08	568.88
99	ALL-SHARE INDEX (738)	633.95	−0.2	—	4.50	—	13.81	635.21	632.16	626.94	510.12

	Index No.	Day's Change	Day's High	Day's Low	Aug 21	Aug 20	Aug 19	Aug 16	Aug 15	Year ago
FT-SE 100 SHARE INDEX	1309.7	−4.2	1312.9	1309.7	1313.9	1307.1	1294.9	1299.1	1302.2	1081.1

FIXED INTEREST

	PRICE INDICES	Thurs Aug 22	Day's change %	Wed Aug 21	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.91	+0.14	119.74	—	7.08
2	5-15 years	133.02	+0.39	132.50	—	9.11
3	Over 15 years	137.95	+0.33	137.49	—	9.21
4	Irredeemables	152.58	+0.30	152.12	—	7.27
5	All stocks	130.98	+0.29	130.60	—	8.46
6	Debentures & Loans	112.75	+0.30	112.41	—	6.91
7	Preference	79.84	—	79.84	—	4.68
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.10	+0.22	110.86	—	2.37

	AVERAGE GROSS REDEMPTION YIELDS		Thurs Aug 22	Wed Aug 21	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.95	9.99	11.13
2		15 years	10.13	10.18	10.69
3		25 years	10.14	10.18	10.21
4	Medium Coupons	5 years	10.68	10.75	11.85
5		15 years	10.49	10.55	11.10
6		25 years	10.15	10.18	10.44
7	High Coupons	5 years	10.77	10.83	11.86
8		15 years	10.64	10.69	11.26
9		25 years	10.26	10.29	10.54
10	Irredeemables†		9.97	10.00	10.16
11	Debs & Loans	5 years	11.48	11.56	12.48
12		15 years	11.36	11.42	12.33
13		25 years	11.24	11.27	12.18
14	Preference†		12.28	12.28	13.06
15	Inflation rate	5%	3.56	3.58	3.76
16		10%	3.36	3.38	3.57

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Adwest	176	+ 4
Celtic Haven	93	− 2½
General Accident	623	− 7
Good Relations	225	+17
GRE	748	−19
Hanson Trust	212	+ 3
Parkfield	137	+ 1
Reed International	694	− 5
Royal Insurance	663	−12
Shell Transport	683	− 2
Simon Engineering	236	+ 8
Sun Alliance	511	− 6

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Fleet Holdings	18	341	+15
Br. Aerospace†	16	202	+10
ICI	14	659	+ 3
RTZ	14	586	+10
Amstrad	11	90	+ 6
Glaxo	11	£12⅞	—
Racal Elects.	11	160	+ 2
Sound Diffusn.	11	52	+ 8
Bell (Arthur)	10	262	− 2
Cns. Gold Fds.	10	442	+ 7
Midland Bank	10	398	− 1
Unigate	10	189	+ 3

† Partly paid.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$300	6	44	—	—	—	—	$336.20
GOLD C	$320	23	28.50	6	30	—	—	"
GOLD C	$340	46	16	14	25	6	50	"
GOLD P	$360	72	7.80	—	—	—	—	"
GOLD P	$300	—	—	10	4.50	—	—	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: [illegible]
A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‡‡ Introduction. * Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30

For rate indications see end of Share Information Service

Stocks favoured for the call included STC, Kwik-Fit, Bristol Oil and Minerals, United Biscuits, Pavion International, Atlantic Resources, Plessey, Premier Oil and Combined Technologies. A put was struck in BSR International and a double option was arranged in Kia Ora Gold.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	86	2	8
Corpns, Dom. and Foreign Bonds	278	232	960
Financial and Props.	89	61	402
Oils	17	31	77
Plantations	2	1	14
Mines	15	91	73
Others	42	90	108
Totals	548	510	1,710

LONDON TRADED OPTIONS

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*156)	140	17	23	27	1½	2	4
	150	1½	10	15	6	9	11
	180	1	6½	7	25	26	27
[illegible]							

Aug. 22 Total Contracts 8,102. Calls 4,625. Puts 3,847
*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

NETHERLANDS

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

JAPAN

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

NZ regret latest Canadian prices were not available for this edition due to a communication failure.

TORONTO

Closing prices August 21

[illegible]

MONTREAL

Closing prices August 21

[illegible]

Total Sales 2 899 376 shares

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

TORONTO	Aug 22	Aug 21	Aug 20	Aug 19	1985 High	1985 Low
Metals & Minls	2,064.1*	2,080.8	[illegible]	[illegible]	2190.7 (13/2)	1896.8 (4/7)
Composite	2,788.7*	2,783.6	2,781.44	2,785.8	2804.6 (26/7)	2348.5 (8/1)
MONTREAL Portfolio	133.84*	135.42*	135.23	135.88	139.33 (19/7)	117.88 (4/1)

* Indicates pre-close figure

	August 22	August 21	August 20	August 19	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	954.1	956.6	955.8	954.2	956.9 (15/8)	715.3 (7/1)
Metals & Mins. (1/1/80)	541.8	542.8	548.1	549.5	583.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	101.98	101.68	100.52	99.11	105.73 (17/8)	85.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2338.08	2330.82	2331.88	2318.20	2338.08 (22/8)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	u	216.85	218.86	215.75	217.88 (6/8)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	217.4	217.2	215.8	215.8	233.1 (31/5)	186.8 (3/1)
Ind Tendance (28/12/84)	124.1	123.8	122.8	122.9	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	483.59	481.09	478.71	478.52	502.82 (5/7)	382.38 (3/1)
Commerzbank (1/12/53)	1420.6	1418.5	1413.6	1404.1	1488.2 (5/7)	1111.6 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1671.87	1650.78	1692.74	1711.51	1711.51 (19/8)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	364.38	364.88	366.28	357.84	366.28 (20/8)	228.58 (2/1)
JAPAN **						
Nikkei-Dow (16/5/49)	12734.05	12704.81	12634.05	12640.05	13040.18 (8/7)	11546.2 (5/1)
Tokyo SE New (4/1/68)	1016.5	1019.8	1015.8	1016.6	1055.91 (8/7)	918.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	218.2	217.6	218.1	214.5	220.8 (8/7)	185.8 (3/1)
ANP-CBS Indust (1970)	193.8	192.9	190.5	189.7	193.8 (22/8)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	380.15	u	356.42	350.20	380.15 (22/8)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	753.74	755.87	754.88	758.78	852.85 (7/3)	717.85 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	u	984.3	979.9	983.8	1140.8 (15/4)	839.1 (11/2)
JSE Indust (28/9/78)	u	848.1	841.8	935.1	1036.8 (17/7)	787.3 (7/2)
SPAIN						
Madrid SE (28/12/84)	111.25	111.92	111.78	111.93	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1318.77	1317.45	1312.21	1317.07	1488.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	472.4	470.7	465.4	461.5	472.4 (22/8)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	u	220.8	218.8	218.2	224.3 (17/7)	184.8 (4/1)

* Indicates pre-close figure ** Saturday August 18 Japan Nikkei Dow (c) TSE (c) Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10; and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u Unavailable

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Continued from Page 31

[illegible]

NORTH AMERICAN QUARTERLIES

BROWN-FORMAN Wine & spirits, ceramics

First quarter	1985-86 $	1984-85 $
Revenue	[illegible]	[illegible]
Net profits	18.5m	15.8m
Net per share	0.86	0.65

LOWE'S Building materials retailers

Second quarter	1985 $	1984 $
Revenue	[illegible]	494.9m
Net profits	20.9m	20.5m
Net per share	0.58	0.57
Six months		
Revenue	1.05bn	865.2m
Net profits	32.8m	33.3m
Net per share	0.91	0.92

COMMONWEALTH EDISON Utility

Second quarter	1985 $	1984 $
Revenue	1.11bn	1.06bn
Net profits	186.7m	166.2m
Net per share	0.85	0.81
Six months		
Revenue	2.31bn	2.25bn
Net profits	385.8m	358.7m
Net per share	1.77	1.78

JAMES RIVER Specialty papers

First quarter	1985-86 $	1984-85 $
Revenue	829.9m	825.2m
Net profits	23.7m	22.4m
Net per share	0.73	0.72

HOUSTON INDUSTRIES Utility

Second quarter	1985 $	1984 $
Revenue	1.11bn	1.19bn
Net profits	137.2m	114.9m
Net per share	1.30	1.22
Twelve months		
Revenue	4.08bn	4.17bn
Net profits	413.9m	351.8m
Net per share	4.13	3.82

LONDON Chief price changes (In pence unless otherwise indicated)

RISES

Allied Tex	455	+40
BTS	78	+7
Cable & Wire	563	+13
Don Bros Buist	212	+14
Good Relat	225	+17
Kean & Scott	38	+5
Kwik Save Disc	226	+6
Pyke Hldgs	318	+13
Ruddle (G)	145	+13
Rush & Tomp	246	+8
Simon Eng	236	+8
Steel Burrill	404	+20
Tate & Lyle	460	+15
Vosper	222	+12
Yarrow	480	+15

FALLS

Acorn Comp	9½	−2½
Beecham	341	−7
Bowater	310	−8
Dewey War	228	−17
GRE	748	−19
Plasmec	47	−5
Royal Ins	663	−12
Unitech	233	−24

Prices at 3pm, August 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅞	10	AAR	.56	2.7	14	886	21	20⅞	20⅞	−⅛
17⅜	9¾	AGS			13	40	16¼	15⅞	15⅞	−⅜
21½	16	AMF	.25j		36	548	13½	13⅜	13½	+⅛
50¾	24⅞	AMR			8	2160	49½	48⅝	48¾	−½
23¼	18⅝	AMR	pf2.18	9.4		31	23¼	23	23¼	+¼
22	19	ANR	pf 2.19	10.		1	20¼	20¼	20¼	+⅛
14¼	7⅛	APL				5	8⅜	8⅜	8⅜	
61⅛	38⅝	ASA		25.8		1340	40⅜	39	39⅝	+½
27	12½	AVX	.32	2.4	19	28	13¾	13½	13½	−¼
28⅛	17⅞	AZP	2.72	11.	7	759	24¾	24⅝	24¾	−⅛
60	36¾	AbtLab1.40		2.5	18	674	57⅜	56¾	57	
25⅞	20	AccoWd.50		2.2	17	109	22½	22⅜	22½	+⅛
24¾	12½	AcmeC .40		2.0		89	14¾	14½	14½	−¼
10½	7⅛	AcmeE.32b		4.2	11	x2	7⅝	7⅝	7⅝	
19	15½	AdaEx 1.92e		11.		20	17⅞	17¾	17¾	+⅛
20	13½	AdmMl .32		1.9	7	5	16⅝	16½	16½	−⅛
16	8⅝	AdvSys.53t		4.0	20	53	12⅝	12	12⅝	+⅜
41⅛	22⅛	AMD			17	1774	28¾	27⅞	28⅛	−¾
12⅛	6⅞	Advest	.12	1.3	21	215	9⅜	6	6¼	+¼
15⅞	9½	Aeriflex			12	40	14	13⅛	15⅛	+⅛
49⅝	32⅝	AetnLf 2.64		5.6	10	1016	48	45¼	48¼	−¾
57¼	52⅜	AetL	pf5.79e	10.		112	57¼	57	57¼	+¼
07⅞	18¼	Ahmns 1.20		3.7	8	150	32¼	31⅞	32⅛	+⅛
3⅝	2½	Aileen				62	3¼	3⅛	3⅛	−⅛
57	42	AirPrd 1.20		2.2	12	467	54½	54⅛	54⅛	−⅛
24⅝	15	AirbFrt .60		2.8	13	47	21⅛	21¾	21¾	
2⅞	1	AiMoa s.10e		4.7		116	2⅛	2	2⅛	
33⅝	27¼	AlaP	pfA3.92	12.		22	31¾	31⅝	31⅝	
8⅛	3¼	AlaP	dpl.87	11.		72	8⅛	8	8½	+⅛
82	68⅛	AlaP	pf 8	11.		z100	80	80	80	+1
108	98	AlaP	pf 11	10.		z250	105¼	105¼	105¼	+1¼
88	67⅞	AlaP	pf 3.44	11.		916	85	85	80	
75	57	AlaP	pf 8.28	12.		s100	71	71	71	
10⅛	11⅝	Alagsc s1.04		7.4	10	19	14⅛	14	14	−⅛
28⅝	11½	AlskAir .18		.8	19	1674	25⅝	23⅛	25¼	−¼
24⅞	11¼	Alberto s .38		1.5	16	39	u25	24¼	24¾	+¼
33¼	26⅝	Albtsns .76		2.8	11	596	28	27½	27½	−⅛
31¼	23¼	Alcan 1.20		4.4	28	4963	27⅜	27	27⅜	+⅛
38⅞	27⅛	AlcoStd .30		3.4	12	237	35⅝	35½	35½	+⅛
32	20¼	AlexAlx 1		3.8		1243	28	27⅞	27⅞	+⅛

Continued on Page 31

NYSE COMPOSITE PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35⅝	23¾	PiedA s	.28	.8	9	662	33⅝	80	33	
34	24⅜	PieNG	2.32	7.4	9	41	31½	31	31½	+⅝
25¼	14⅜	Pier 1			18	122	25	24⅝	24⅝	−⅜
58⅝	36⅝	Pilsbry	1.66	8.8	12	583	52¼	51⅝	52¼	+½
34	22¾	Pioneer	1.24	5.1	5	122	24⅝	24½	24½	
26¾	13½	PionrEL	.17r	1.2		13	14⅞	14¼	14¼	−½
43½	29⅞	PitnyB	1.20	3.8	11	x584	40	39⅝	39⅞	+⅛
90	61½	PitnB	pf2.12	2.7		3	79	79	79	−3
13⅛	9⅜	Pittstn				58	11⅞	11⅝	11⅝	−¼
16⅝	6⅝	PlanRs	.20	1.3	19	159	15⅞	15½	15⅝	−⅜
15½	7	Plantrn	.16b	1.6	18	158	10½	10⅛	10¼	−⅜
13⅝	8⅝	Playboy			13	37	8	8⅞	8⅞	−½
28⅞	19½	Plessey	.94e	4.3	14	3	21¾	21⅝	21¾	−½
22¾	13⅞	PogoPd	.60	4.4	32	321	14	d13⅝	13⅝	−⅜
33⅜	24¼	Polarid	1	3.2	121	210	31¾	31½	31⅝	−⅛
21	18¾	Pondrs	.40	.4	24	84	11½	11	11	−⅜
21½	15¼	PopTal	.80	4.5		80	17⅝	17½	17⅝	−¼
22¾	14⅝	Portec	.40	1.8	38	8	22½	22⅛	22½	
21⅛	14⅜	PortGE	1.90	9.7	8	515	19¾	19½	19⅝	+⅛
106	90½	PoG	pf11.50	11.		240	105	105	105	
24⅞	18½	PorG	pf2.60	11.		1	23⅝	23⅝	23⅝	−⅛
35⅝	30	PorG	pf4.40	13.		22	34	33⅞	34	
34⅝	29	PorG	pf4.33	13.		5	33¾	33⅝	33⅝	
36⅛	26	Potlch	1.56	4.7	13	2	32⅞	32⅞	32⅞	
34	22	PotmEl	2.16	6.6	10	210	31⅞	31⅝	31¾	
41¾	32¼	PotEl	pf4.04	10.		2158	39	39	39	−1
25⅛	18⅞	Preml s	.36	1.6	10	5	24¼	24¼	24¼	−⅛
12⅛	6¾	SJuanR			32	20	11¾	11¾	11¾	−¼
49¼	31	Sandr	.56	1.5	10	1088	37	36⅛	36⅝	
25⅜	20	SAnitRl	.84	7.6	13	43	25¼	24⅞	25	
21⅞	18⅞	Tranlnd	2.22	11.		21	20½	20⅜	20⅜	−⅛
14	10⅝	TARlty	1	8.1	62	5	12½	12⅜	12⅜	−⅛
57¼	44	Transco	2.16b	4.6	10	330	47½	47¼	47¼	−¼
25¾	19½	TranEx	2.38	11.		97	21	20¾	20⅞	−⅛
13⅛	8	Transcn			7	187	8⅝	8¼	8¼	
96	77⅜	TrGP	pf8.64	8.2		z30	93⅞	93⅞	93⅞	
30¼	24⅜	ZaleCp	1.32	4.9	9	6	27¼	27⅛	27⅛	−⅛
21⅛	8¼	Zapata	.12	1.4	63	164	8⅝	8½	8⅝	+⅛
57⅝	31⅛	Zayre s	.40	.9	13	188	52⅝	52⅛	52¼	+⅛
28⅝	17½	ZenithE			11	142	19	18¾	18¾	−⅛
21⅞	15⅜	Zero s	.32	1.8	18	58	19¾	19½	19½	−⅜
35½	22¾	Zurnin	1.32	3.7	12	265	u35¾	35¼	35¼	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, August 22

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 29

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Concern on economy a dampener

THE RENEWED slide in credit market rates, touched off by fresh indications thet the U.S. economy is slowing down, snuffed out the rally in Wall Street stocks yesterday, *writes Terry Byland in New York.*

Early gains in the blue chips stocks were soon eliminated, and share prices turned easier, in a moderately active market.

At 3pm the Dow Jones industrial average was down 7.62 at 1,321.91.

Once again it was the takeover stocks and special situations which provided the features.

Short-term interest rates dipped afresh on the Commerce Department's disclosure that durable goods orders had fallen by 2.8 per cent in July – more sharply, than even the pessimists expected. The news heightened the credit market's renewed concern over the economy, sparked earlier this week by the Commerce Department's revised GNP statistics.

Three-month Treasury-bill rates dipped below 7 per cent for the first time in six weeks, bringing the fall on the week to around 15 basis points. Bond prices rose by half a point, with a modest gain of only 0.2 per cent in July, consumer prices encouraging those who believe that inflation has been curbed.

The reaction in the stock market was somewhat muted at first. But the institutions took the opportunity to sell some stock when the market opened higber. Turnover picked up as prices headed downwards.

The Dow transportation average fell back as takeover ferment eased off. Trading in Pan Am remained heavy, but the price edged up only $¼ to $8¾. TWA at $22½ was $⅛ up as Mr Carl Icahn's victory was formalised.

The latest addition to the airline speculative sceoe was Ozark, which jumped $1¼ to $12⅝ in busy trading on the American Stock Exchange. Now that Texas Air has been thwarted from buying TWA, Wall Steet is busy searching out the next bid target.

A strong feature was Union Carbide, which jumped $2 to $54 in hefty trading as Wall Street awaited the company's report today on the mishap at the West Virginia plant. Some analysts suggested that Union Carbide would also announce a stock buying programme.

AT&T reacted calmly to the planned reductions in the workforce, which have already attracted bitter comment from the union representing large numbers of the telecommunication group's workforce. At 21⅜, AT&T eased $⅛, and turnover was modest by the standards of one of Wall Street's most widely held shares.

But the other well-known names made little movement. IBM shed $⅛ to $128¼, General Electric $¼ to $61⅝, and General Motors $¼ to $67¾. Ford at $44⅛ was little changed after disclosing plans to cut office staff by 20 per cent by the eod of the decade.

In the financial sector, American Express gained $½ to $43¾ after announcing the purchase of First Data Resources.

Other active features included SCM, which made a delayed start on the news of an offer from Hanson Trust of the UK. At $64½, against Hanson's planned $60 a share offer, SCM was $6¼ up.

There was brisk trading in A. H. Robins, $1¾ down at $8¾ also after a delayed start prompted by the NYSE's announcement that it would review the stock quote in the light of the group's filing under Chapter 11 bankruptcy protection in the face of heavy litigation relating to its Dalkon Shield contraceptive device.

Stock in Jack Eckerd jumped 4⅜ to $30⅝ in heavy turnover after the board confirmed recent speculation by disclosing that the company is up for sale. Eckerd has been a takeover hope for some weeks, with Wall Street predicting a leveraged buyout in the wake of its successful sale of two subsidiaries.

The dip in short-term rates was held in check by a federal funds rate at 7⅝ per cent, Treasurybills edged above their lowest levels at midsession, and falls in money market rates were held to two or three basis points.

Bond prices also settled down after their opening spurt to show gains of ¼ to ½ a point. The market was waiting for the announcement of the weekly money supply statistics, which were expected to show some moderation of the recent upsurge.

TOKYO

Buoyed by lower rate prospects

CONTINUED foreign buying and improved prospects for lower interest rates worldwide led investors to keep seeking large-capital issues in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average put on 29.24 to 12,734.05 on firmer volume of 601m shares, up from Wednesday's 562m shares. Declines slightly outnumbered advances 396 to 392, with 155 issues unchanged.

Mitsubishi Heavy Industries strengthened Y15 to Y377 with the biggest trading volume of 90.60m shares, hitting an all-time high for the fourth consecutive session. The surge was prompted by the narrowing gap between interest rates in Japan and overseas and expectations of a stronger performance due to higher defence spending. Active foreign buying also helped.

Kawasaki Heavy Industries, the second most active with 22.56m shares traded, firmed Y6 to Y209.

Other defence-related stock also drew popularity, with Japan Steel Works adding Y5 to Y277 and Sumitomo Heavy Industries Y7 to Y274.

Conversely, steels dipped on a wide front. Nippon Steel shed Y2 to Y177 on profit-taking with the third largest volume of 22.46m shares. Kawasaki Steel weakened Y4 to Y154 after reports that the group's first-half recurring profit declined 15 per cent to Y18bn, reflecting lower profitability in exports to the U.S.

Mitsui Construction, the fourth most active with 21.18m shares, soared Y22 at one stage but closed Y2 down at Y405. Nissan Construction strengthened Y36 to Y411.

Lagging biotechnology issues attracted interest in the afternoon. Kanebo firmed Y17 to Y527 on revived interest in its biotechnology development while Kyowa Hakko surged Y83 to Y875 on small-lot foreign purchases. Takeda Chemical rose Y17 to Y890 and Toray Y13 to Y514.

Hitachi eased Y7 to Y693, falling below the Y700 level on a volume of 3.4m shares. Other blue chips generally remained weak.

Foreign buy and sell orders through four leading securities companies in early trading swelled to 45m shares and 33m shares, respectively.

Stimulated by the overnight plunge in yields on long and short-term U.S. bonds and the yen's strength against the U.S. dollar, bank dealers and securities houses continued busy trading on the bond market.

The yield on the benchmark 6.8 per cent government bond due in December 1994 dropped to a record low of 6.165 per cent from 6.250 per cent.

HONG KONG

CONFIDENCE returned to Hong Kong after Wednesday's sharp losses as Sir John Bremridge, the colony's financial secretary, denied rumours that a bank was suffering financial difficulties.

The Hang Seng index recouped more than half the previous session's losses to end up 21.09 at 1,671.87.

Renewed buying interest in banks left Hang Seng HK$1.50 firmer at HK$46.75, Cheung Kong 20 cents higher at HK$18.70 and Hongkong Bank up 10 cents at HK$7.65.

Elsewhere, Hutchison Whampoa added 40 cents to HK$26.80, Jardine Matheson 20 cents to HK$12.90 and Swire Pacific 10 cents to HK$25.50.

SINGAPORE

BLUE CHIPS turned lower under light selling pressure in Singapore, and the Straits Times industrial index fell 2.13 to 753.74.

DBS again led bank stocks lower, shedding 6 cents to reach yet another 1984 low of S$4.86. Both OCBC and Malayan Banking dropped 5 cents to S$7.95 and S$5.45 respectively.

Malaysian-linked stocks Raleigh Cycles, up 15 cents to S$2.05, and General Lumber, 16 cents to S$1.43, moved against the trend.

Plantations came under pressure, and most industrials finished the day with losses of a few cents.

EUROPE

Corporate results tend to stimulate

A FRESH battery of corporate results confronted investors on the European bourses yesterday offering good profits news while further consideration of Wednesday's trading statements underlined many share and sectoral movements.

Frankfurt had much to ponder. The 10.1 rise in the Commerzbank index to 1,426.2 reflected early strength that focused on select blue chips and car makers.

The market digested the release of data showing a record number of new car registrations in July and gave Daimler a DM 4 boost to DM 894 while Porsche picked up DM 2 to DM 1,270. BMW, particularly active in the previous session, held steady at DM 439, and the faint-hearted deserted VW, leaving it 80 pfg weaker at DM 314.

Highlight of the day was the technology sector, which had Nixdorf results to scrutinise. The bubbling turnover figures for the first half failed to convince the doubters of the computer group, shares of which have turned weaker in recent weeks leaving it near the bottom of its 1985 trading range. By the close Nixdorf had shed DM 4.50 to DM 533. In sharp contrast, the other high-tech wunderkind, robot maker IWKA, surged DM 12 to DM 281.

A respectable profits forecast for energy conglomerate Veba failed to spark a price reaction, and it closed steady at DM 235. The group also announced that it was considering a share listing on the London Stock Exchange.

Profit-takers ran riot among chemical shares, forcing Hoechst DM 3.50 lower to DM 213 and BASF DM 2 down to DM 222.20, both after Wednesday's results. Bayer, holding its trading statement until next week, also lost ground with a DM 2.50 decline to DM 220.50.

Degussa, which suffered an explosion and fire at one of its Frankfurt plants, was unchanged at DM 365.

The retailers continue to radiate with confidence as Kaufhof flaunted a DM 3.90 advance to DM 281.40 after trailing fellow retailers for most of the week. Karstadt added 50 pfg to DM 258.50.

Another hectic bond session produced sharp rises of up to 70 basis points with a soft dollar offering an incentive to buyers seemingly seduced with the prospects of yet lower German interest rates.

The Bundesbank took advantage of the market's strength to sell a large DM 61.2m in paper after Wednesday's DM 29.9m.

The bulls continue to set the pace in **Brussels** as the Stock Exchange index rose 7.16 to 2,338.08. Petrofina managed another gain of BFr 30 to BFr 5,880, but the main attractions were Wagons Lits' BFr 130 sprint to BFr 3,280 and zinc producer Vieille Montagne, which finished higher yet again at BFr 8,310, a gain of BFr 280.

Amsterdam finished mixed although the ANP-CBS industrial index hit a high for the year with a 0.9 rise to 193.8.

A results and rights issue announcement from Buehrmann-Tetterode left the printing and packaging group Fl 4 higher at Fl 114, a new peak for the year and a net gain of Fl 13 over the last nine trading sessions.

VMF-Stork moved for the first time this week and soared Fl 18.20 to a new 1985 high of Fl 263.50 while Nedlloyd firmed Fl 3.50 to Fl 179 after analysts picked through Wednesday's results.

Paris was partly inspired by Wall Street's overnight firmness. Bouygues held steady at FFr 799 amid results and expansion plans, while L'Oréal perked up with a FFr 70 rise to FFr 2,310. BSN moved against the trend with a hefty FFr 165 decline to FFr 2,085, and Skis Rossignol slipped FFr 25 to FFr 1,351 after results.

Zurich made good progress amid lower interest rates hopes.

Milan trading featured Montedison L30 cheaper a L2,150 after recent gains, Gemina L60 higher at L1,110 and BI-Invest closing unchanged at L5,500 after early gains.

Assicuraziono Milano recouped some of the losses of the previous session with a L350 rally to L20,550 after detailing its L5.6bn rights issue.

A weaker **Stockholm** was awash with fresh results and leftovers from Wednesday. Atlas Copco firmed SKr 3 to SKr 114, and Aga slipped SKr 1 to SKr 115 after consideration of the previous day's statements while Ericsson's downcast performance but glowing optimism for the future arrived after trading that took the telecommunications group SKr 7 higher to SKr 220, a welcome recovery from Wednesday's low for the year.

Gambro firmed SKr 2 to SKr 78 amid results while Sandvik managed a hearty SKr 10 rise to SKr 430.

LONDON

THE two-day improvement in London faltered yesterday, but a later resilient performance was again a reflection of the present shortage in blue-chip stock.

The downward move followed news that Hanson Trust had launched its biggest ever takeover bid – a £745m offer for the U.S. diversified group SCM Corporation. Many leading industrial issues have performed strongly on the view that Hanson was looking for UK expansion.

The FT Ordinary share index held close to its overnight level and ended only 1.0 lower at 987.2.

Gilts were again higher. Longer-dated stocks rose about ¾, but rises in index-linked issues were restricted to about ⅛.

Chief price changes, Page 29; Details, Page 28; Chief price changes, Pages 26–27

AUSTRALIA

GOLDS continued lower in Sydney, and other miners and industrials experienced a long overdue technical downturn. The All Ordinaries industrials index shed 2.5 to settle at 954.1.

Castlemaine Toohey took the centre stage after news that a white knight had been found to outbid Bond Corporation. Castlemaine, however, remained tight-lipped about the new buyer as its shares added 40 cents to A$7.90, 40 cents above Bond's takeover offer.

Howard Smith Industries continued to show a sharp gain, rising 20 cents to A$8 amid reports that it was about to become a takeover target by Thomas Nationwide Transport.

SOUTH AFRICA

EARLY gains dissipated in Johannesburg after the rand recouped some of its losses and foreign investors began to sell gold issues.

The decision by black miners to delay strike action planned for August 25 was greeted favourably, however.

The losses were light, and among golds Vaal Reefs added R1.50 to R186, Randfontein remained at R201 and Free State Geduld shed R1.25 to R48.

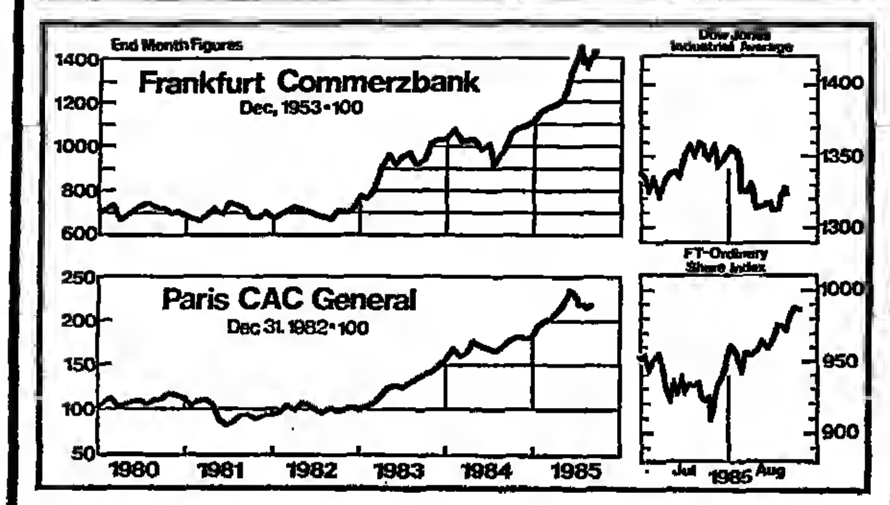
CANADA

HECTIC TRADE in Canada Trustco remained the talking point in Toronto, but most other stocks turned lower after midsession.

Canada Trustco lost C$⅛ to C$44⅞ while Genstar, which has put a bid in for the company, was steady at C$31¾.

National Victoria and Grey Trustco, also active, added C$¼ to C$23¾ after higher nine-month earnings.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 22	Previous	Year ago
NEW YORK			
DJ Industrials	1,321.91*	1,329.53	1,231.78
DJ Transport	688.32*	696.04	524.27
DJ Utilities	159.01*	159.42	130.80
S&P Composite	187.64*	189.16	167.06
LONDON			
FT Ord	987.2	988.2	835.2
FT-SE 100	1,309.7	1,313.9	1,090.2
FT-A All-share	633.95	635.21	510.12
FT-A 500	692.91	694.16	553.06
FT Gold mines	310.1	322.8	578.4
FT-A Long gilt	10.26	10.29	10.29
TOKYO			
Nikkei-Dow	12,734.05	12,704.81	10,538.3
Tokyo SE	1,018.50	1,019.60	815.39
AUSTRALIA			
All Ord.	954.1	956.6	751.9
Metals & Mins.	541.9	542.9	483.7
AUSTRIA			
Credit Aktien	101.96	101.68	53.25
BELGIUM			
Belgian SE	2,338.08	2,330.92	–
CANADA			
Toronto			
Metals & Minls	2,058.1*	2,082.7	2,020.0
Composite	2,768.7*	2,784.3	2,358.8
Montreal			
Portfolio	133.94*	136.03	116.3
DENMARK			
SE	n/a	218.85	192.1
FRANCE			
CAC Gen	217.4	217.2	165.7
Ind. Tendance	124.1	123.8	88.9
WEST GERMANY			
FAZ-Aktien	483.59	481.09	341.39
Commerzbank	1,426.8	1,416.5	993.8
HONG KONG			
Hang Seng	1,671.87	1,650.78	907.99
ITALY			
Banca Comm.	364.36	364.99	219.79
NETHERLANDS			
ANP-CBS Gen	218.2	217.5	164.8
ANP-CBS Ind	193.8	192.9	131.5
NORWAY			
Oslo SE	360.15	n/a	284.44
SINGAPORE			
Straits Times	753.74	755.87	940.8
SOUTH AFRICA			
JSE Golds	–	994.3	959.3
JSE Industrials	–	946.1	826.3
SPAIN			
Madrid SE	111.25	111.92	99.31
SWEDEN			
J & P	1,318.77	1,317.45	1,534.68
SWITZERLAND			
Swiss Bank Ind	472.4	470.7	382.4
WORLD	Aug 21	Prev	Year ago
Capital Int'l	220.0	218.8	184.9

GOLD (per ounce)

	Aug 22	Prev
London	$336.00	$335.25
Zürich	$335.25	$336.05
Paris (fixing)	$338.92	$326.72
Luxembourg	$337.30	$336.25
New York (Oct)	$336.60	$341.80

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Aug 22	U.S. DOLLAR Previous	STERLING Aug 22	STERLING Previous
$	–	–	1.4075	1.393
DM	2.7425	2.7655	3.8625	3.85
Yen	235.85	236.95	331.75	329.5
FFr	8.375	8.4475	11.79	11.73
SwFr	2.2435	2.2665	3.1575	3.155
Guilder	3.083	3.124	4.345	4.32
Lira	1,842.0	1,861.0	2,590.0	2,579.0
BFr	55.55	56.25	78.15	77.9
C$	1.3535	1.3555	1.9066	1.8831

INTEREST RATES

	Aug 22	Prev
Euro-currencies (3-month offered rate)		
£	11 7/16	11½
SwFr	4¾	4¾
DM	4⅝	4½
FFr	11⅜	11⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 1/16	8 1/16
6-month U.S.$	8 3/16	8¼
U.S. Fed Funds	7 11/16*	7½
U.S. 3-month CDs	7.70*	7.70
U.S. 3-month T-bills	7.00*	7.02

U.S BONDS

Treasury	Aug 22* Price	Aug 22* Yield	Prev Price	Prev Yield
8⅞ 1987	100 3/32	8.769	99 31/32	8.89
10⅛ 1992	102	9.956	101 27/32	9.99
10½ 1995	102 7/32	10.096	102 1/32	10.13
10⅝ 2015	102 1/32	10.406	101 25/32	10.43
Corporate				
AT & T				
10⅜ June 1990	100⅞	10.10	100⅜	10.20
3⅞ July 1990	82⅜	8.25	82⅜	8.25
8⅝ May 2000	84⅛	10.88	83⅜	11.00
Xerox				
10⅞ March 1993	100⅞	10.45	99.869	10.65
Diamond Shamrock				
10⅜ May 1993	100⅜	10.50	99.582	10.70
Federated Dept Stores				
10⅝ May 2013	95.00	11.20	94⅝	11.25
Abbot Lab				
11.80 Feb 2013	103⅞	11.40	103⅞	11.40
Alcoa				
12¼ Dec 2012	101⅞	12.00	101⅛	12.10

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
Sept	77–31	78–10	77–28	77–23
U.S. Treasury Bills (IMM)				
$1m points of 100%				
Sept	93.08	93.12	93.05	93.07
Certificates of Deposit (IMM)				
$1m points of 100%				
Sept	92.37	92.41	92.37	92.38
LONDON				
Three-month Eurodollar				
$1m points of 100%				
Sept	92.04	92.07	92.02	92.01
20-year Notional Gilt				
£50,000 32nds of 100%				
Sept	112–18	112–20	112–01	111–27

COMMODITIES

(London)	Aug 22	Prev
Silver (spot fixing)	449.05p	450.25p
Copper (cash)	£2,986.00	£2,004.50
Coffee (Sept)	£1,647.50	£1,661.00
Oil (spot Arabian Light)	$27.45	$27.45